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Report To: **COUNCIL**

File ref : _____

Collaborator/Item no: SC 6.3

Date: **28 MARCH 2018**

SUBJECT: TABLING DRAFT MTREF BUDGET 2018/19 TO 2020/21 FOR ADOPTION

**REPORT DATED 28 MARCH 2018 FROM THE EXECUTIVE MAYOR TO COUNCIL ON
THE DRAFT MTREF BUDGET**

PURPOSE

The purpose of this item is to table the MTREF Budget for 2018/19 to Council for **ADOPTION**, in terms of Section 16(2) of the Municipal Finance Management Act No. 56 of 2003.

LEGAL COMPLIANCE

Municipal Finance Management Act No. 56 of 2003, and various Circulars from National Treasury.

BACKGROUND

Chapter 5 of the Municipal Systems Act 32 of 2000 requires that the Draft IDP and Draft Budget be tabled simultaneously in a Council meeting at least 90 days before commencement of a financial year for approval, and the purpose of this item is to comply with that legislative requirement. Efforts have been made to ensure that there is a link between the IDP document and the Draft Budget for the same year, more especially on externally funded projects.

Section 16(2) of the Municipal Finance Management Act No. 56 of 2003 states the following: "The mayor of the municipality must table the **draft** annual budget at a council meeting at least 90 days before the start of the budget year (meaning that on or before the end of March as the municipal financial year commences from 1st July of each year)". Section 17 of the Municipal Finance Management Act further requires the municipality to ensure that the budget is based on realistically anticipated revenue for the budget year, from various revenue sources.


The attached draft budget summary, which indicates various sources of revenue such as electricity, water, refuse charge, general rates, sewerage charge, grants and subsidies, etc., is attempting to address the requirements of Section 17 of the MFMA.

DISCUSSION

The draft budget for 2018/19 financial year budget has been prepared based on certain assumptions, such as increase in salaries at 8%, electricity tariff increases have been budgeted for at **6.84%**, increase in rates at 9%, and all other tariffs (water, refuse, sewerage) have been increased by **6%**

RECOMMENDATIONS:

- a) THAT Council, in terms of the Municipal Finance Management Act (Act 56 of 2003), adopt and consider the draft annual budget of the municipality for the financial year 2018/19, and the multi-year and single-year capital appropriations
- b) THAT, to guide the implementation of the municipality's draft annual budget, the Council approves the policies and tariffs as set out in the Annexures of this document.


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ACTING MUNICIPAL MANAGER
Mr T. Pillay
.....
EXECUTIVE MAYOR
HON. CLR N. Gaga



MAKANA
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**DRAFT MEDIUM-TERM REVENUE AND
EXPENDITURE FORECASTS**

2018/19 TO 2021/21

Part 1 - Annual Budget

1.1 Mayor's Report

The Mayor's Report will be included in the item to Council.

1.2 Council Resolutions

On 23 March 2018 the Senior Management Committee met to consider the annual budget of the municipality for this financial year. The Council approved and adopted the following resolutions:

1. The Council of Makana Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

- 1.1. That the Medium Term Revenue & Expenditure Framework (MTREF) for 2018/19 and indicative amounts for the projected outer years, be approved as set out in the budget tables A1 - A10.

- 1.2. That the Medium Term Revenue and Expenditure Framework aligned with the IDP's Developmental Objectives and Goals for Makana Municipality, be approved.

2. That the Council of Makana Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts, with effect from 1 July 2018, the following as set out in Annexure A

- 2.1. the tariffs for property rates
- 2.2. the tariffs for electricity
- 2.3. the tariffs for the supply of water
- 2.4. the tariffs for sanitation services
- 2.5. the tariffs for solid waste services
- 2.6. Miscellaneous and other tariffs

3. To guide the implementation of the municipality's annual budget, the Council approves the policies as set out in the Annexure B of this document.

- 3.1 Budget Policy (remains unchanged)
- 3.2 Supply Chain Management Policy (reviewed)
- 3.3 Asset Management Policy (reviewed)
- 3.4 Property Rates Policy (remains unchanged)
- 3.5 Assistance to the poor & Indigent Policy (remains unchanged)
- 3.6 Provision for doubtful debts (remains unchanged)
- 3.7 Credit Control & Debt Collection Policy (remains unchanged)
- 3.8 Funding and Reserves Policy (remains unchanged)
- 3.9 Borrowing Policy (remains unchanged)
- 3.10 Cash Management and Investment Policy remains unchanged)
- 3.11 Tariff Policy (remains unchanged)
- 3.12 Virement Policy (reviewed)
- 3.13 Grant Policy (New)
- 3.13 Budget Process Policy (New)
- 3.14 SCM Infrastructure Policy (Reviewed)
- 3.15 Debt Incentive Policy (Reviewed)
- 3.16 Petty Cash policy (Reviewed)

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Makana Municipality's Budget is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided in a sustainable, economical and equitable manner to all communities.

Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on non-core and 'nice to have' items.

The municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the municipality has undertaken various customer care initiatives to ensure that the municipality truly involves all citizens in the process of ensuring a people-lead government.

A critical review was also undertake of expenditure on non-core and non-priority spending items in line with MFMA Circular 82 - Cost Containment Measures. Emphasis was placed on providing of funds for the repairs and maintenance line items.

In light of the above, cost containment measures (Circular 82) for the following expenditure items were identified as non-core and non-priority:

- Travel & Subsistence Allowance
- Accommodation
- All catering costs
- Security Costs
- Events Costs
- Cleaning Costs
- Overtime Costs - Human Resource Manager is in the process of reviewing the overtime policy.
- Printing and Stationery Costs

MFMA Circulars

National Treasury has issued MFMA Circular No. 89 and 91 to provide guidance on preparation of 2018/19 Medium Term Budget. Circular No. 66 & 67 reminds us of the key focus areas of the budget process, and it must be read together with MFMA Circulars no. 48, 51, 54, 55, 58 and 59. It is essential to read this material in order to understand the background to this budget. National Treasury has also set out the requirements for funding the budget and producing a credible budget.

Funding the Budget

Section 18(1) of the MFMA states that an annual budget may only be funded from:

- Realistically anticipated revenues to be collected;
- Cash-backed accumulated funds from previous years' surpluses not committed for other purposes; and
- Borrowed funds, but only for the capital budget referred to in section 17(2).

Achievement of this requirement in totality effectively means that a Council has budget for a surplus by ensuring that the budgeted outflow does not exceed planned inflows.

Under old budget formats income generated approach was a key objective and this assisted in ensuring that outflows were matched by inflows, provided revenue collections were realistic. However, GRAP compliant budgets necessitate that budget ‘balancing’ be much more comprehensive.

New budgeting and accounting formats demand that the budgeted Statement of Financial Performance, the Budgeted Statement of Financial Position and the Budgeted Statement of Cash Flows must be considered simultaneously to ensure effective financial management and sustainability.

A Credible Budget

Amongst other things, a credible budget is a budget that:

- Funds only activities consistent with the revised IDP and vice versa ensuring the IDP is realistically achievable given the financial constraints of the municipality;
- Is achievable in terms of agreed service delivery and performance targets;
- Contains revenue and expenditure projections that are consistent with current and past performance and supported by documented evidence of future assumptions;
- Does not jeopardize the financial viability of the municipality (ensures that the financial position is maintained within generally accepted prudential limits and that obligations can be met in the short, medium and long term); and
- Provides managers with appropriate levels of delegation sufficient to meet their financial management responsibilities.

A budget sets out certain service delivery levels and associated financial implications, therefore the community should realistically expect to receive these promised service delivery levels and understand the associated financial implications. Major under spending due to under collection of revenue or poor planning is a clear example of a budget that is not credible and unrealistic.

Furthermore, budgets tabled for consultation at least 90 days prior to the start of the budget year should already be credible and fairly close to the final approved budget. The main challenges experienced during the compilation of the Budget 2018/1 MTREF can be summarized as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained roads and electricity infrastructure;
- The need to reprioritize projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost and electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable as there will be a point where services will no longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;

The following budget principles and guidelines directly informed the compilation of the 2018/19 Budget:

- The 2017/18 Adjustments Budget priorities and targets and 2016/17 audited AFS were used as base line for compilation of 2018/19 draft budget.
- Service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Grant allocation as per 2018 Division of Revenue Bill that was issued in February 2018 is also reflected
- Lobbying for alternative funding
- Macro- Economic forecast has been taken into account when preparing the salaries budget, the current CPI plus 1 percent for 2018/19 financial year.
- Tariffs and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;

The main challenges experienced during the compilation of the 2018/19 MTREF can be summarised as follows:

- The need to reprioritise projects and expenditure within the existing resource envelope;
- Maximising revenue generation;
- Integration of town planning and valuation functions to ensure that new property developments, improvements to existing properties and changes to properties usage are correctly processed and captured in the billing system, to enable accurate accounts and completeness of general valuation roll and supplementary roll to minimise objections to property values also to maximise revenue base.
- Curbing consumption of water and electricity by the indigent to ensure that they do not exceed their allocation;
- Incorrect billing due to incorrect meter readings and this impacts on revenue collection and the credibility of the financial information.
- Employee related costs as a percentage of total expenditure amounts to 38% and the acceptable norm for salaries normally ranges between 25% - 40% of total operating expenditure;
- Appropriate strategies to address water & electricity losses due to aging infrastructure and theft to minimise unaccounted revenue losses;
- Insufficient capital investment for all major infrastructure improvements.

Municipality is in the process of turning around the current declining position in order to build a sustainable future, revenue enhancement is one of the key elements of turn around strategies that has been used to address challenges.

The Council has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Indigent policy and procedures are implemented, credit control and debt collection policy are enforced as they are important part of debt management and revenue enhancement.

Currently the municipality is in the process of reviewing tariff structure for water & sewer to improve revenue collection on these services.

Table 1 Consolidated Overview

The below table reflects effects of proposed draft budget for 2018/19 financial year:

Description	Original Budget R'000	Adjusted Budget R'000	Draft Budget R'000
	2017/18	2017/18	2018/19
Operating Revenue	R432 216	R432 216	R450 930
Operating Expenditure	R474 948	R432 216	R446 456
Surplus/(Deficit)	(R42 732)	R0	R4 384
Capital Expenditure	R238 403	R31 327	R34 199

Total operating revenue has grown by R17, 7 million for 2018/19 financial year when compared to the 2017/18 adjustment budget. For the two outer year years, operational revenue will increase by 5.4 and 5.5 per cent respectively. The increase is due tariff review exercise that was conducted, enforcement of credit control policy and implementation of debt incentive policy.

The operating expenditure budget includes substantial amount in respect of the following projects:

Description	Adjusted Budget 2017/18	Draft Budget 2018/19
R thousands		
Debt Impairment	R15 000	R13 318
Depreciation and Asset Impairment	R35 177	R10 500
Long Outstanding Debts - Payment Plans	R32 000	R22 008
Bulk Purchases	R81 000	R93 500
Free Basic Services	R21 000	R28 435
Maintenance Expenditure	R13 000	R24 255

Proposed capital expenditure shows an increase of R2, 8 million for 2018/19 when compared to the 2017/18 adjusted budget.

1.4 OPERATING BUDGET FRAMEWORK

1.4.1 Operating Revenue

Makana Municipality requires sustainable revenue streams in order to improve the lives of its citizen. The municipality must continuously review revenue management process to ensure that revenue projected and the municipality has an ability to maximize the revenue generating potential of all revenue sources through adequate and effective controls and allow for investments opportunities that will accelerate economic growth.

The municipality's revenue strategy should be built around the following key concepts:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Efficient revenue management which aims to ensure a 100 per cent annual collection rate for property rates and other key service charges;
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services.

The following table is a summary of the 2018/19 MTREF (classified by main revenue source):

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source										
Property rates	2	46 153	53 827	-	64 080	64 080	64 080	67 345	70 982	74 815
Service charges - electricity revenue	2	95 766	96 547	191 064	118 542	118 542	118 542	122 721	129 316	136 271
Service charges - water revenue	2	39 594	66 695	73 101	49 587	49 587	49 587	70 493	74 255	78 228
Service charges - sanitation revenue	2	19 752	21 525	37 254	18 380	18 380	18 380	16 673	17 545	18 469
Service charges - refuse revenue	2	6 363	11 741	19 340	6 554	6 554	6 554	13 934	14 664	15 437
Service charges - other		90	102		-	-	-	-	-	-
Rental of facilities and equipment		801	1 023		1 425	1 425	1 425	1 425	1 502	1 584
Interest earned - external investments		10 822	12 494		500	500	500	800	843	890
Interest earned - outstanding debtors		385	-		12 065	12 065	12 065	7 418	7 818	8 248
Dividends received		-	-		-	-	-	-	-	-
Fines, penalties and forfeits		656	55		397	397	397	990	1 043	1 100
Licences and permits		2 597	2 344		4 009	4 009	4 009	4 759	5 016	5 292
Agency services		877	850		550	550	550	300	316	334
Transfers and subsidies		59 983	81 632		98 859	98 859	98 859	95 093	100 228	105 741
Other revenue	2	13 850	2 939	119 294	54 771	54 771	54 771	48 139	50 738	53 478
Gains on disposal of PPE			33		2 500	2 500	2 500	200	211	222
Total Revenue (excluding capital transfers and contributions)		297 687	351 809	440 053	432 216	432 216	432 216	450 290	474 479	500 110

- Sale of Electricity and Impact of Tariff Increases

NERSA has determined that the Eskom bulk electricity tariff to municipalities would increase by 7.32% as from 1 July 2018. Considering the Eskom tariff increase, the Municipality's consumer tariffs has been set at 6.84%.

Electricity service charges is the largest contributor towards municipal revenue streams at an average of 30 per cent over MTREF followed by second largest revenue source is Property Rates at 9% per cent increase.

♦ Service Charges and Impact of Tariff Increases

In accordance with various National Treasury's MFMA Circulars, (e.g. 51, 55, 58, 66, 70, 74, 78, 79, 85 and 86.); Municipalities are encouraged to review the level and structure of their water tariffs to ensure the following:

- Fully cost reflective water tariffs - tariffs should include the costs associated with bulk water purchases, the maintenance and renewal of purification plants, water networks and water reticulation expansion;
- Water tariffs are structured to protect basic levels of service; and
- Water tariffs are designed to encourage efficient and sustainable consumption.
- Sanitation tariffs are structured to protect basic levels of service; and
- Sanitation tariffs are designed to encourage efficient and sustainable consumption and infrastructure expansion;
- The refuse tariffs should take into account the need to maintain a cash-backed reserve to cover the future costs of the rehabilitation of landfill sites

A tariff increase of 6% is proposed as from 1 July 2018 for all service charges (subject to DWA indicating otherwise). The proposed tariff increase is mainly influenced by the following:

- Employee related costs increased by an average of 8%;
- Year-to-year increases to the cost of bulk water purchases;
- Costs of servicing existing external borrowing to fund water infrastructure;
- Providing for debt impairment.

The water tariff structure should be designed in such a manner that higher levels of water consumption are progressively charged at a higher rate.

The trading service water has increased by R13 million 2018/19 when compared with 2017/18 adjusted budget. This is attributed by the data cleansing exercise and replacement of meters.

♦ Operational Grants & Subsidies

Operating grants and transfer totals to R94,2 million in the 2018/19 financial year, and the allocation is mainly Equitable Share, FMG, EPWP, Provincial Treasury and subsidy from the Sarah Baartman District municipality.

1.4.2 Operating Expenditure

The municipality's framework for the 2017/18 budget and MTREF is informed by the following:

- Given that one of the primary drivers of this budget is to keep tariff increases within the Inflationary envelope of 6 %, expenditure allocations has increased by R14,3 million as compared to 2017/18 adjusted budget;
- Repairs and Maintenance provisions are not within parameters of 8% of Asset Cost and Operating Expenditure due to financial difficulties. There is no asset repairs

and maintenance plan in place, which makes it impossible to ensure that budget allocations are used efficiently and effectively;

- Strict adherence to the principle of “no project plan no budget”. If there is no business plan no funding allocation can be made.

The Municipality’s expenditure framework for the 2018/19 budget and MTREF is informed by the following:

- Budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;

The following table is a high level summary of the 2018/19 budget and MTREF (classified per main type of operating expenditure):

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Expenditure By Type										
Employee related costs	2	129 819	129 930	126 773	167 803	167 803	167 803	170 208	179 399	189 086
Remuneration of councillors		8 337	9 458	9 723	10 436	10 436	10 436	11 097	11 696	12 339
Debt impairment	3	-	-	-	7 500	7 500	7 500	13 318	14 037	14 809
Depreciation & asset impairment	2	36 729	33 599	31 502	35 177	35 177	35 177	10 500	11 067	11 665
Finance charges		6 337	16 457	478	6 600	6 600	6 600	7 500	7 905	8 340
Bulk purchases	2	67 096	82 037	87 574	101 050	101 050	101 050	93 500	98 549	103 871
Other materials	8				1 145	1 145	1 145	1 658	1 747	1 843
Contracted services		6 917	4 491	8 734	13 655	13 655	13 655	12 459	9 443	9 953
Transfers and subsidies		22 246	30 808	48 997	3 376	3 376	3 376	28 435	29 970	31 619
Other expenditure	4, 5	60 457	82 472	124 140	128 206	128 206	128 206	-	-	-
Loss on disposal of PPE								97 694	102 970	108 633
Total Expenditure		337 939	389 251	437 920	474 948	474 948	474 948	446 368	466 783	492 158

The budgeted allocation for 2018/19 financial year employee related costs, excluding councillor’s remuneration totals R170, 3 million, which equals 38 per cent of the total operating expenditure. In the absence of bargaining council agreement, salary increase that has been factored into this budget is at 8 per cent for the 2018/19 financial year and also it must be noted that there are other line items within employee costs e.g. overtime at R4,6 million, standby allowances, salaries temps, pension funds contributions.

The cost associated with the remuneration of councillors is determined by the Minister of Cooperative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). Budgeted allocation for 2018/19 amounts to R11 million.

Provision for depreciation and asset impairment has been informed by the Municipality’s Asset Management Policy. Budget appropriations in this regard total R10, 5 million for the 2018/19 financial and equates to 2 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Debt Impairment

The provision for debt impairment was determined based on a targeted annual collection rate of 85% for 2018/19, 90% for 2019/20 and 95% for 2020/21. Budget allocation for this item amount to R13, 3 million.

Finance charges

Consist primarily of the repayment of interest on long-term borrowing (Cost of capital). Finance charges make up 1.6 per cent (R7, 5 million) of operating expenditure budget.

Bulk purchases budget of R85, 5 million is directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The increase is 6.84 per cent as per NERSA Guidelines and water bulk purchases totals to R8 million.

Repairs and maintenance comprises of amongst others maintenance of municipal vehicles, maintenance of equipment, materials for maintenance, potholes, and chemicals. This group of expenditure has been prioritized to ensure sustainability of the municipality's infrastructure especially potholes. R30, 1 million repairs and maintenance budgeted. Contracted services equal to 2 per cent of the expenditure budget and has been budgeted at R9, 4 million.

Free Basic Services: The social package assists households that are poor or face circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy and the policy is reviewed annually. The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act. Allocation for 2018/19 MTREF totals to R28, 4 million or 6 per cent of total expenditure budget.

A provision of R22 million is made available for repayment of long outstanding debts.

Other expenditure comprises of various line items relating to the daily operations of the municipality amongst those is audit fees at R7, 5 million, interest paid R2,5 million, Telephone R1,5 million, Legal fees R1,5 million, security R3,5 million and professional fees at R4,6 million. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

1.5 CAPITAL BUDGET FRAMEWORK

The following table provides a breakdown of budgeted capital expenditure:

CAPITAL BUDGET - 2018/19 FINANCIAL YEAR				
PROJECTS NAME	FUNDING MANDATE	BUDGET (2018/19)	BUDGET (2019/20)	BUDGET (2020/21)
Alicedale Sewage Upgrade	MIG	4 718 487		
Waainek Bulk Water Supply Refurbishment.	MIG	16 359 235	23 179 000.00	24 291 000.00
Upgrade of Ncome Street - Taxi Route	MIG	112 778		
Upgrade of Riebeek East Bulk Water Supply	MIG	75 000		
Upgrade Alicedale Water Treatment Works	MIG	75 000		
Upgrade of AC pipes Phase 2	MIG	75 000		
Upgrade of M - Street Taxi Route	MIG	61 700		
Fencing of Treatment Works	MIG	1 300 000		
66 KV - Electricity Construction	INEP	8 000 000	6 400 000.00	R 3 200 000.00
Upgrading of Muncipal Halls	Insurance Payout	1 900 000		
Library Office equipment	DSRAC	1 522 000		
TOTAL		R 34 199 200	29 579 000.00	R 27 491 000.00

The main source of funding of the 2018/19 Capital budget of R32, 9 million is transfers recognized capital from National and provincial departments, followed by insurance payout funds of R1, 9 million.

1.6 Annual Budget Tables

The following tables represent main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulation. Each table is accompanied by *explanatory notes*.

MBRR Table A1 - Budget Summary

EC104 Makana - Table A1 Budget Summary

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousands										
Financial Performance										
Property rates	46 153	53 827	–	64 080	64 080	64 080	–	67 345	70 982	74 815
Service charges	161 564	196 610	320 759	193 062	193 062	193 062	–	223 821	235 781	248 405
Investment revenue	10 822	12 494	–	500	500	500	–	800	843	890
Transfers recognised - operational	59 983	81 632	–	98 659	98 659	98 659	–	95 093	100 228	105 741
Other own revenue	19 165	7 245	119 294	75 716	75 716	75 716	–	63 230	66 645	70 259
Total Revenue (excluding capital transfers and contributions)	297 687	351 809	440 053	432 216	432 216	432 216	–	450 290	474 479	500 110
Employee costs	129 819	129 930	126 773	167 803	167 803	167 803	–	170 208	179 399	189 086
Remuneration of councillors	8 337	9 458	9 723	10 436	10 436	10 436	–	11 097	11 696	12 339
Depreciation & asset impairment	36 729	33 599	31 502	35 177	35 177	35 177	–	10 500	11 067	11 665
Finance charges	6 337	16 457	478	6 600	6 600	6 600	–	7 500	7 905	8 340
Materials and bulk purchases	67 096	82 037	87 574	102 195	102 195	102 195	–	95 158	100 296	105 714
Transfers and grants	22 246	30 808	46 997	3 376	3 376	3 376	–	28 435	29 970	31 619
Other expenditure	67 374	86 962	132 874	149 362	149 362	149 362	–	123 471	126 450	133 395
Total Expenditure	337 939	389 251	437 920	474 948	474 948	474 948	–	446 368	466 783	492 158
Surplus/(Deficit)	(40 251)	(37 442)	2 133	(42 731)	(42 731)	(42 731)	–	3 922	7 695	7 952
Transfers and subsidies - capital (monetary allocations)	55 750	28 979	–	23 526	23 526	23 526	–	32 299	34 043	35 916
Contributions recognised - capital & contributed assets	–	–	–	214 877	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	15 499	(8 463)	2 133	195 672	(19 205)	(19 205)	–	36 221	41 738	43 867
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	15 499	(8 463)	2 133	195 672	(19 205)	(19 205)	–	36 221	41 738	43 867
Capital expenditure & funds sources										
Capital expenditure	53 585	40 733	62 942	237 903	36 499	36 499	–	34 199	34 540	36 474
Transfers recognised - capital	29 643	21 852	57 936	229 803	32 899	32 899	–	32 299	1 609	1 699
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	849	6 835	–	–	–	–	–	–	–	–
Internally generated funds	23 094	12 047	5 056	8 600	3 600	3 600	–	1 900	–	–
Total sources of capital funds	53 585	40 733	62 992	238 403	36 499	36 499	–	34 199	1 609	1 699
Financial position										
Total current assets	183 364	257 605	406 362	287 395	287 395	287 395	–	243 133	256 262	270 356
Total non current assets	1 037 290	1 072 632	700 456	905 588	905 588	905 588	–	783 494	825 802	871 222
Total current liabilities	135 312	236 979	111 932	177 637	177 637	177 637	–	237 700	250 536	264 315
Total non current liabilities	91 221	116 502	2 145	80 400	80 400	80 400	–	73 679	77 658	81 929
Community wealth/Equity	994 122	976 755	992 213	969 963	969 963	969 963	–	579 500	1 032 393	1 089 175
Cash flows										
Net cash from (used) operating	(8 908)	55 925	5 042	184 063	57 189	57 189	57 189	44 628	47 126	49 717
Net cash from (used) investing	(53 761)	(38 653)	(6 857)	(173 043)	(43 168)	(43 168)	(43 168)	(33 999)	(35 937)	(37 949)
Net cash from (used) financing	30 770	1 063	–	(5 500)	(4 000)	(4 000)	(4 000)	(7 500)	(7 928)	(8 371)
Cash/cash equivalents at the year end	(22 086)	4 698	5 105	8 129	12 629	12 629	12 629	4 118	7 380	10 777
Cash backing/surplus reconciliation										
Cash and investments available	(13 275)	18 320	20 451	17 858	17 858	17 858	–	4 987	5 257	5 546
Application of cash and investments	(63 255)	(327)	(101 457)	(163 996)	(158 247)	(158 247)	–	(41 510)	(44 760)	(48 069)
Balance - surplus (shortfall)	49 980	18 647	121 908	181 855	176 106	176 106	–	46 497	50 017	53 615
Asset management										
Asset register summary (WDV)	1 034 129	1 072 632	125 884	340 086	340 086	340 086	225 668	225 668	55 110	42 348
Depreciation	36 729	33 599	31 502	31 639	31 639	31 639	–	–	–	–
Renewal of Existing Assets	–	–	–	–	–	–	–	140 986	51 000	38 000
Repairs and Maintenance	12 777	10 136	23 657	–	–	–	89 000	89 000	30 110	27 348
Free services										
Cost of Free Basic Services provided	–	–	–	30 892	30 892	30 892	25 463	25 463	26 965	28 529
Revenue cost of free services provided	–	–	–	2 108	2 108	2 108	2 472	2 472	2 606	2 747
Households below minimum service level										
Water:	–	–	–	25	250	25	150	150	14	13
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	–	–	–	0	0	0	0	0	0	0

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the municipality budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which transfers recognised is reflected on the Financial Performance Budget;
4. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase however it needs to be noted that this table does not cater for the cross subsidisation value of the lower end tariffs in the tiered structure of basic service charges. This implies that the values reflected as Free Basic Services and the revenue cost are in reality much higher should one include the cross-subsidisation that takes place within the lower end of the tariffs. In addition, the municipality continues to make progress in addressing service delivery backlogs.

MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification

EC104 Makana - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description		Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue - Functional											
<i>Governance and administration</i>			105 155	148 057	110 328	159 641	159 641	159 641	123 109	129 757	136 894
Executive and council			3 858	5 984	8 519	32 075	32 075	32 075	27 610	29 101	30 702
Finance and administration			101 297	142 073	101 809	127 566	127 566	127 566	95 499	100 656	106 192
Internal audit			—	—	—	—	—	—	—	—	—
<i>Community and public safety</i>			8 308	30 120	3 886	24 452	24 452	24 452	26 096	27 505	29 017
Community and social services			2 682	1 141	3 527	5 217	5 217	5 217	9 920	10 456	11 031
Sport and recreation			3 784	28 979	127	6 398	6 398	6 398	1 126	1 187	1 252
Public safety			48	—	—	9 228	9 228	9 228	7 589	7 999	8 439
Housing			—	—	—	—	—	—	—	—	—
Health			1 793	—	232	3 609	3 609	3 609	7 460	7 863	8 295
<i>Economic and environmental services</i>			13 760	4 363	5 066	49 595	49 595	49 595	41 263	43 491	45 883
Planning and development			2 455	641	2 554	27 430	27 430	27 430	18 789	19 803	20 893
Road transport			10 284	3 320	2 512	22 141	22 141	22 141	22 454	23 666	24 966
Environmental protection			1 022	402	—	24	24	24	20	21	22
<i>Trading services</i>			226 212	196 508	320 758	427 749	427 749	427 749	294 022	309 899	326 944
Energy sources			100 108	96 547	191 064	145 159	145 159	145 159	149 487	157 560	166 226
Water management			61 021	66 695	73 101	85 883	85 883	85 883	95 682	100 849	106 395
Waste water management			37 692	21 525	37 254	176 010	176 010	176 010	30 376	32 016	33 777
Waste management			27 390	11 741	19 340	20 697	20 697	20 697	18 477	19 475	20 546
Other		4	3	—	15	16	16	16	—	—	—
Total Revenue - Functional		2	353 438	379 048	440 054	661 452	661 452	661 452	484 490	510 652	538 738
Expenditure - Functional											
<i>Governance and administration</i>			112 471	173 565	129 449	161 159	161 159	161 159	132 346	139 493	147 165
Executive and council			24 104	16 310	33 831	26 422	26 422	26 422	29 376	30 962	32 665
Finance and administration			88 367	157 255	95 618	133 138	133 138	133 138	101 214	106 679	112 547
Internal audit			—	—	—	1 599	1 599	1 599	1 756	1 851	1 953
<i>Community and public safety</i>			21 920	18 437	30 294	42 540	42 540	42 540	54 187	57 113	60 254
Community and social services			6 589	8 601	11 535	14 380	14 380	14 380	19 590	20 648	21 783
Sport and recreation			6 695	8 014	7 487	12 510	12 510	12 510	15 522	16 360	17 260
Public safety			6 343	—	11 271	12 450	12 450	12 450	15 087	15 902	16 777
Housing			45	—	—	—	—	—	—	—	—
Health			2 249	1 822	—	3 200	3 200	3 200	3 987	4 202	4 433
<i>Economic and environmental services</i>			27 329	32 742	45 196	36 676	36 676	36 676	48 362	50 974	53 778
Planning and development			7 675	6 520	13 214	14 547	14 547	14 547	18 249	19 234	20 292
Road transport			17 305	26 222	24 943	20 129	20 129	20 129	27 664	29 158	30 761
Environmental protection			2 349	—	7 039	2 000	2 000	2 000	2 450	2 582	2 724
<i>Trading services</i>			175 967	164 507	232 822	234 573	234 573	234 573	211 122	222 523	234 762
Energy sources			84 155	98 641	117 979	120 761	120 761	120 761	120 850	127 376	134 382
Water management			50 585	37 390	55 749	70 298	70 298	70 298	48 377	50 989	53 794
Waste water management			24 801	16 314	29 739	24 314	24 314	24 314	25 108	26 464	27 919
Waste management			16 426	12 163	29 354	19 200	19 200	19 200	16 787	17 694	18 667
Other		4	252	—	160	169	169	169	350	369	389
Total Expenditure - Functional		3	337 939	389 251	437 921	475 117	475 117	475 117	446 368	470 471	496 347
Surplus/(Deficit) for the year			15 499	(10 203)	2 133	186 335	186 335	186 335	38 122	40 181	42 391

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
- Note the Total Revenue on this table includes capital revenues (Transfers recognised - capital) and so does not balance to the operating revenue shown on Table A4.
- Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water function.
- Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources.

MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

EC104 Makana - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue by Vote	1									
Vote 1 - Technical & Infrastructure		–	35 407	38 567	188 437	188 437	188 437	42 419	44 710	47 169
Vote 2 - Corporate Services		–	403	929	23 480	23 480	23 480	9 878	10 411	10 984
Vote 3 - Financial Services		–	83 700	98 799	88 969	88 969	88 969	95 499	100 656	106 192
Vote 4 - Community & Social Services		–	28 469	27 319	68 757	68 757	68 757	44 572	46 979	49 563
Vote 5 - Executive Mayor		–	463	561	8 856	8 856	8 856	3 598	3 792	4 001
Vote 6 - Speakers Office		–	3 746	4 508	14 802	14 802	14 802	9 799	10 328	10 896
Vote 7 - Municipal Manager		–	743	3 428	20 866	20 866	20 866	14 768	15 565	16 421
Vote 8 - Local Economic Development		–	109	1 380	16 966	16 966	16 966	18 789	19 804	20 893
Vote 9 - Housing		–	–	–	–	–	–	–	–	–
Vote 10 - Electricity		–	116 556	191 063	145 159	153 433	162 025	149 487	157 559	166 225
Vote 11 - Water		–	76 715	73 101	85 159	85 159	85 159	95 682	100 849	106 396
Vote 12 - Dog Tax		–	–	1	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	–	346 312	439 657	661 452	669 726	678 318	484 490	510 653	538 739
Expenditure by Vote to be appropriated	1									
Vote 1 - Technical & Infrastructure		–	44 396	51 054	40 700	39 700	39 700	52 772	55 622	58 681
Vote 2 - Corporate Services		–	25 738	38 016	28 637	28 637	28 637	17 105	18 029	19 021
Vote 3 - Financial Services		–	60 708	50 605	98 800	76 224	76 224	86 547	91 220	96 237
Vote 4 - Community & Social Services		–	58 543	87 102	68 465	70 129	71 900	73 423	77 388	81 644
Vote 5 - Executive Mayor		–	4 371	4 937	5 093	5 093	5 093	5 549	5 848	6 170
Vote 6 - Speakers Office		–	6 728	11 348	11 302	11 302	11 302	10 988	11 581	12 218
Vote 7 - Municipal Manager		–	4 158	5 806	13 516	13 116	13 516	13 879	14 628	15 433
Vote 8 - Local Economic Development		–	4 866	16 433	18 345	18 345	18 345	16 879	17 790	18 769
Vote 9 - Housing		–	48	26	–	–	–	–	–	–
Vote 10 - Electricity		–	106 402	116 744	120 261	106 211	106 211	120 850	127 376	134 382
Vote 11 - Water		–	48 304	55 849	69 628	63 628	63 628	48 377	50 989	53 794
Vote 12 - Dog Tax		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	–	364 262	437 920	474 747	432 385	434 555	446 368	470 472	496 348
Surplus/(Deficit) for the year	2	–	(17 950)	1 736	186 705	237 341	243 763	38 122	40 181	42 390

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

EC104 Makana - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description		Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
R thousand	1		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source												
	2		46 153	53 827	–	64 080	64 080	64 080	–	67 345	70 982	74 815
Property rates	2		95 766	96 547	191 064	118 542	116 542	118 542	–	122 721	129 316	136 271
Service charges - electricity revenue	2		39 594	66 695	73 101	49 587	49 587	49 587	–	70 493	74 255	78 228
Service charges - water revenue	2		19 752	21 525	37 254	18 380	18 380	18 380	–	16 673	17 545	18 469
Service charges - sanitation revenue	2		6 363	11 741	19 340	6 554	6 554	6 554	–	13 934	14 664	15 437
Service charges - refuse revenue			90	102	–	–	–	–	–	–	–	–
Service charges - other			801	1 023	1 425	1 425	1 425	1 425	–	1 425	1 502	1 584
Rental of facilities and equipment			10 822	12 494	500	500	500	500	–	800	843	890
Interest earned - external investments			385	–	12 065	12 065	12 065	12 065	–	7 418	7 818	8 248
Interest earned - outstanding debtors			–	–	–	–	–	–	–	–	–	–
Dividends received			656	55	397	397	397	397	–	990	1 043	1 100
Fines, penalties and forfeits			2 597	2 344	4 009	4 009	4 009	4 009	–	4 759	5 016	5 292
Licences and permits			877	850	550	550	550	550	–	300	316	334
Agency services			59 983	81 632	98 859	98 859	98 859	98 859	–	95 093	100 228	105 741
Transfers and subsidies			13 850	2 939	119 294	54 771	54 771	54 771	–	48 139	50 738	53 478
Other revenue	2		–	33	2 500	2 500	2 500	2 500	–	200	211	222
Gains on disposal of PPE			297 687	351 808	440 053	432 216	432 216	432 216	–	450 290	474 479	500 110
Total Revenue (excluding capital transfers and contributions)												
Expenditure By Type												
	2		129 819	129 930	126 773	167 803	167 803	167 803	–	170 208	179 399	189 086
Employee related costs			8 337	9 458	9 723	10 436	10 436	10 436	–	11 097	11 696	12 339
Remuneration of councillors	3		–	–	–	7 500	7 500	7 500	–	13 318	14 037	14 809
Debt impairment	2		36 729	33 599	31 502	35 177	35 177	35 177	–	10 500	11 067	11 665
Depreciation & asset impairment	3		6 337	16 457	478	6 600	6 600	6 600	–	7 500	7 905	8 340
Finance charges	2		67 096	82 037	87 574	101 050	101 050	101 050	–	93 500	98 549	103 871
Bulk purchases	8		–	–	–	1 145	1 145	1 145	–	1 658	1 747	1 843
Other materials			6 917	4 491	8 734	13 655	13 655	13 655	–	12 459	9 443	9 953
Contracted services			22 246	30 808	48 997	3 376	3 376	3 376	–	28 435	29 970	31 619
Transfers and subsidies			60 457	82 472	124 140	128 206	128 206	128 206	–	–	–	–
Other expenditure	4, 5		–	–	–	–	–	–	–	97 694	102 970	108 633
Loss on disposal of PPE			337 939	389 251	437 920	474 948	474 948	474 948	–	446 368	466 783	492 158
Total Expenditure												
Surplus/(Deficit)												
			(40 251)	(37 442)	2 133	(42 731)	(42 731)	(42 731)	–	3 922	7 695	7 952
Transfers and subsidies - capital (monetary allocations) (Netel / Provincial and District)			55 750	28 979	–	23 526	23 526	23 526	–	32 299	34 043	35 916
Transfers and subsidies - capital (monetary allocations) (Netel / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)			–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)	6		–	–	–	214 877	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions			15 499	(8 463)	2 133	195 672	(19 205)	(19 205)	–	36 221	41 738	43 867
Taxation			–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation			15 499	(8 463)	2 133	195 672	(19 205)	(19 205)	–	36 221	41 738	43 867
Attributable to minorities			–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality			15 499	(8 463)	2 133	195 672	(19 205)	(19 205)	–	36 221	41 738	43 867
Share of surplus/ (deficit) of associate	7		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year			15 499	(8 463)	2 133	195 672	(19 205)	(19 205)	–	36 221	41 738	43 867

MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

EC104 Makana - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description		Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital Expenditure - Functional												
Governance and administration			5 302	2 461	1 150	750	750	750	-	-	-	-
Executive and council			673	327	-	-	-	-	-	-	-	-
Finance and administration			1 161	568	-	750	750	750	-	-	-	-
Internal audit			3 468	1 566	1 150	-	-	-	-	-	-	-
Community and public safety			18 609	3 673	1 300	3 942	3 942	3 942	-	3 422	2 008	2 121
Community and social services			3 100	67	996	3 942	3 942	3 942	-	1 522	-	-
Sport and recreation			14 138	3 393	304	-	-	-	-	1 900	2 008	2 121
Public safety			935	213	-	-	-	-	-	-	-	-
Housing			-	-	-	-	-	-	-	-	-	-
Health			436	-	-	-	-	-	-	-	-	-
Economic and environmental services			8 722	11 945	1 201	6 309	10 309	10 309	-	1 474	1 559	1 646
Planning and development			3 359	3 720	-	600	600	600	-	-	-	-
Road transport			4 917	8 224	1 201	5 709	9 709	9 709	-	1 474	1 559	1 646
Environmental protection			445	-	-	-	-	-	-	-	-	-
Trading services			20 952	22 654	59 291	226 902	21 498	21 498	-	29 302	30 973	32 707
Energy sources			1 129	2 953	5 114	8 085	8 085	8 085	-	8 000	8 456	8 930
Water management			1 897	15 442	26 000	44 405	4 405	4 405	-	16 509	17 450	18 427
Waste water management			17 926	4 236	28 177	174 412	9 008	9 008	-	4 793	5 067	5 350
Waste management			-	24	-	-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional		3	53 585	40 733	62 942	237 903	36 499	36 499	-	34 199	34 540	36 474
Funded by:												
National Government			29 643	21 784	56 940	80 474	32 332	32 332	-	30 777	-	-
Provincial Government			-	-	996	567	567	567	-	1 522	1 609	1 699
District Municipality			-	67	-	-	-	-	-	-	-	-
Other transfers and grants			-	-	-	148 762	-	-	-	-	-	-
Transfers recognised - capital			4	29 643	21 852	57 936	229 803	32 899	-	32 299	1 609	1 699
Public contributions & donations			5	-	-	-	-	-	-	-	-	-
Borrowing			6	849	6 835	-	-	-	-	-	-	-
Internally generated funds			-	23 094	12 047	5 056	8 600	3 600	-	1 900	-	-
Total Capital Funding		7	53 585	40 733	62 992	238 403	36 499	36 499	-	34 199	1 609	1 699

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

- Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
- The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.

MBRR Table A6 - Budgeted Financial Position

EC104 Makana - Table A6 Budgeted Financial Position

EC104 Makana - Table A6 Budgeted Financial Position											
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
ASSETS											
Current assets											
Cash		5	6 040	6 921	5 179	5 179	5 179		1 500	1 581	1 668
Call investment deposits	1	2 024	12 139	6 344	12 679	12 679	12 679	-	3 487	3 675	3 877
Consumer debtors	1	129 572	174 750	353 302	225 176	225 176	225 176	-	215 900	227 559	240 074
Other debtors		38 490	49 106	30 124	35 760	35 760	35 760	-	16 545	17 439	18 398
Current portion of long-term receivables		150	28	-	-	-	-	-	-	-	-
Inventory	2	13 122	15 542	9 671	8 600	8 600	8 600	-	5 700	6 008	6 338
Total current assets		183 364	257 605	406 362	287 395	287 395	287 395	-	243 133	256 262	270 356
Non current assets											
Long-term receivables		-	-	-	-	-	-	-	-	-	-
Investments		161	142	7 186	-	-	-	-	-	-	-
Investment property		201 302	190 234	-	184 500	184 500	184 500	-	168 500	177 599	187 367
Investment in Associate		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	805 947	852 542	661 804	709 088	709 088	709 088	-	605 123	637 800	672 879
Agricultural		28 931	-	-	-	-	-	-	-	-	-
Biological		-	29 008	-	-	-	-	-	-	-	-
Intangible		948	707	2 300	12 000	12 000	12 000	-	9 871	10 404	10 976
Other non-current assets		-	29 166	-	-	-	-	-	-	-	-
Total non current assets		1 037 290	1 072 632	700 456	905 588	905 588	905 588	-	783 494	825 802	871 222
TOTAL ASSETS		1 220 654	1 330 236	1 106 818	1 192 983	1 192 983	1 192 983	-	1 026 626	1 082 064	1 141 578
LIABILITIES											
Current liabilities											
Bank overdraft	1	15 467	-	-	-	-	-	-	-	-	-
Borrowing	4	4 010	4 128	2 500	3 500	3 500	3 500	-	75 000	79 050	83 398
Consumer deposits		2 298	2 321	2 451	3 000	3 000	3 000	-	-	-	-
Trade and other payables	4	103 825	227 802	102 863	141 137	141 137	141 137	-	162 700	171 486	180 918
Provisions		9 713	2 728	4 118	30 000	30 000	30 000	-	-	-	-
Total current liabilities		135 312	236 979	111 932	177 637	177 637	177 637	-	237 700	250 536	264 315
Non current liabilities											
Borrowing		50 117	50 940	-	69 500	69 500	69 500	-	59 179	62 375	65 805
Provisions		41 104	65 562	2 145	10 900	10 900	10 900	-	14 500	15 283	16 124
Total non current liabilities		91 221	116 502	2 145	80 400	80 400	80 400	-	73 679	77 658	81 929
TOTAL LIABILITIES		226 533	353 481	114 077	258 037	258 037	258 037	-	311 379	328 193	346 244
NET ASSETS	5	994 122	976 755	992 741	934 946	934 946	934 946	-	715 247	753 871	795 334
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		988 694	971 308	986 785	969 963	969 963	969 963	-	979 500	1 032 393	1 088 175
Reserves	4	5 428	5 447	5 428	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	994 122	976 755	992 213	969 963	969 963	969 963	-	979 500	1 032 393	1 088 175

Explanatory notes to Table A6 - Budgeted Financial Position

- Table A6 is consistent with international standards of good financial management practice, and improves understand ability for councillors and management of the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
- Table A6 is supported by an extensive table of notes (SA3 which can be found on page 161 providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
- The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
- Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate

assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

- Table A6 is consistent with international standards of good financial management practice, and improves understanding for councillors and management of the impact of the budget on the statement of financial position (balance sheet).
- The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.

MBRR Table A7 - Budgeted Cash Flow Statement

EC194 Makana - Table A7 Budgeted Cash Flows

COUNCIL HAKARUA - Table A7 Budgeted Cash Flows											
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		46 153	53 527	42 510	57 240	57 240	57 240	57 240	67 500	71 345	75 342
Service charges		161 554	195 612	226 731	226 079	226 079	226 079	226 079	235 314	249 195	253 551
Other revenue		17 535	12 132	757	21 000	21 000	21 000	21 000	21 240	21 450	22 551
Government - operating	1	115 732	112 511	54 920	59 475	59 475	59 475	59 475	55 035	100 704	125 544
Government - capital	1	-	-	1 321	173 041	43 165	43 165	43 165	34 199	55 217	35 310
Interest		355	-	7 030	12 100	15 122	15 100	15 100	2 215	2 700	9 207
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		344 245	300 736	259 775	351 972	351 972	351 972	351 972	353 155	425 504	429 342
Finance charges		6 337	16 455	1 710	5 000	5 000	5 000	5 000	4 525	4 551	14 035
TRANSFERS AND GRANTS	1	-	-	75 525	17 521	17 521	17 521	17 521	20 455	75 114	11 535
NET CASH FROM/USED IN OPERATING ACTIVITIES		(2 935)	55 525	5 542	124 053	57 155	57 155	57 155	44 525	47 125	45 777
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		115	1 552	-	-	-	-	-	210	212	224
Decrease / increase in non-current deposits		-	-	-	-	-	-	-	-	-	-
Decrease / increase, other non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease / increase in non-current investments		-	20	-	-	-	-	-	-	-	-
Payments											
Capital assets		53 555	42 730	5 557	173 041	43 165	43 165	43 165	34 155	35 145	35 171
NET CASH FROM/USED IN INVESTING ACTIVITIES		(53 701)	(39 553)	(5 557)	(173 041)	(43 165)	(43 165)	(43 165)	(33 995)	(35 527)	(37 546)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short-term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term financing		32 770	-	-	-	-	-	-	-	-	-
Increase / decrease in bank deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowings		-	1 053	-	(5 520)	(4 000)	(4 000)	(4 000)	(7 520)	(7 520)	(5 571)
NET CASH FROM/USED IN FINANCING ACTIVITIES		32 770	1 053	-	(5 520)	(4 000)	(4 000)	(4 000)	(7 520)	(7 520)	(5 571)
NET INCREASE / (DECREASE) IN CASH HELD		(51 635)	16 125	(1 515)	5 520	10 020	10 020	10 020	3 125	3 252	3 257
Cash and cash equivalents at the year end	2	6 533	(13 437)	6 920	2 609	2 609	2 609	2 609	565	4 118	7 335
Cash and cash equivalents at the year end	2	(22 055)	4 555	5 125	5 125	12 525	12 525	12 525	4 115	7 350	10 777

References

1. Local District municipalities to include transfers from District Local Municipalities

2. Cash equivalents include investments with maturity of 3 months or less

3. The MTRFR is provided directly from SAG

Total receipts	341 555	375 031	342 120	575 955	452 062	452 062	452 062	452 062	480 767	477 515	515 552
Total payments	(404 167)	(357 915)	(343 925)	(567 915)	(435 041)	(435 041)	(435 041)	(435 041)	(453 132)	(475 625)	(504 231)
Borrowings & investments & deposits	(52 509)	17 052	(1 515)	11 020	14 020	14 020	14 020	14 020	10 625	11 130	11 755
Repayment of borrowing	32 770	-	-	-	-	-	-	-	-	-	-
	-	1 053	-	(5 520)	(4 000)	(4 000)	(4 000)	(4 000)	(7 520)	(7 520)	(5 571)
	(31 535)	15 135	(1 515)	5 520	10 020	10 020	10 020	10 020	3 125	3 252	3 257
	-	-	-	-	-	-	-	-	-	(0)	0

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

3. It can be seen that the cash levels of the Municipality is gradually improving as compared with the past years.
4. The 2017/18 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
5. Cash and cash equivalents totals R 8, 9 million as at the end of the 2017/18 financial year and increase to R 12,9 million by 2018/19.

MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

EC104 Makana - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Cash and investments available											
Cash/cash equivalents at year end	1	(22 006)	4 698	5 105	8 129	12 629	12 629	12 629	4 118	7 380	10 777
Other current investments > 90 days		8 570	13 480	8 160	9 729	5 229	5 229	(12 629)	869	(2 124)	(5 231)
Non current assets - Investments	1	161	142	7 186	-	-	-	-	-	-	-
Cash and investments available:		(13 275)	18 320	20 451	17 858	17 858	17 858	-	4 987	5 257	5 546
Application of cash and investments											
Unspent conditional transfers		-	-	14 863	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	(64 764)	(64 764)	(64 764)	-	-	-	-
Other working capital requirements	3	(63 255)	(327)	(128 092)	(99 232)	(99 232)	(99 232)	-	(54 510)	(58 501)	(62 580)
Other provisions		-	-	4 852	-	-	-	-	5 500	5 814	6 139
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	6 920	-	5 749	5 749	-	7 500	7 928	8 371
Total Application of cash and investments:		(63 255)	(327)	(101 457)	(163 996)	(158 247)	(158 247)	-	(41 510)	(44 760)	(48 069)
Surplus(shortfall)		48 980	18 647	121 908	181 855	176 106	176 106	-	46 497	50 017	53 615

References

1. Must reconcile with Budgeted Cash Flows
2. For example: VAT, taxation
3. Council approval for policy required - include sufficient working capital (e.g. allowing for a % of current debtors > 90 days as uncollectable)
4. For example: sinking fund requirements for borrowing
5. Council approval required for each reserve created and basis of cash backing of reserves

Other working capital requirements

Debtors	167 080	228 129	216 092	240 369	240 369	240 369	-	212 010	224 506	237 715
Creditors due	103 825	227 802	88 000	141 137	141 137	141 137	-	157 500	166 005	175 135
Total	63 255	327	128 092	99 232	99 232	99 232	-	54 510	58 501	62 580
Debtors collection assumptions										
Balance outstanding - debtors	168 062	223 856	383 426	260 936	260 936	260 936	-	232 445	244 997	258 472
Estimate of debtors collection rate	99.4%	101.9%	56.4%	92.1%	92.1%	92.1%	0.0%	91.2%	91.6%	92.0%

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 - Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
6. as part of budgeting and planning guidelines that informed the compilation of the 2017/18 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

MBRR Table A10 - Basic Service Delivery Measurement

EC104 Makana - Table A10 Basic service delivery measurement

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Household service targets	1									
Water:										
Piped water inside dwelling		-	-	-	37 500	37 500	37 500	40 000	450 000	50 000
Piped water inside yard (but not in dwelling)		-	-	-	650	650	650	700 000	73 000	75 000
Using public tap (at least min. service level)	2	-	-	-	-	-	-	-	-	-
Other water supply (at least min. service level)	4	-	-	-	-	-	-	-	-	-
Minimum Service Level and Above sub-total		-	-	-	38 150	38 150	38 150	740 000	523 000	125 000
Using public tap (< min. service level)	3	-	-	-	25 000	250 000	25 000	150 000	14 000	13 000
Other water supply (< min. service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
Below Minimum Service Level sub-total		-	-	-	25 000	250 000	25 000	150 000	14 000	13 000
Total number of households	5	-	-	-	63 150	288 150	63 150	890 000	537 000	138 000
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		-	-	-	1 000	1 000	1 000	1 500	1 500	1 500
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min. service level)		-	-	-	-	-	-	-	-	-
Minimum Service Level and Above sub-total		-	-	-	1 000	1 000	1 000	1 500	1 500	1 500
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min. service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	1 000	1 000	1 000	1 500	1 500	1 500
Energy:										
Electricity (at least min. service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min. service level)		-	-	-	-	-	-	-	-	-
Minimum Service Level and Above sub-total		-	-	-	-	-	-	-	-	-
Electricity (< min. service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Refuse:										
Removed at least once a week		-	-	-	25 000	25 000	25 000	26 000	26 500	27 000
Minimum Service Level and Above sub-total		-	-	-	25 000	25 000	25 000	26 000	26 500	27 000
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	2	2	2	2	2	2
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
Below Minimum Service Level sub-total		-	-	-	2	2	2	2	2	2
Total number of households	5	-	-	-	25 002	25 002	25 002	26 002	26 502	27 002
Households receiving Free Basic Service	7									
Water (6 kilolitre per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitre per indigent household per month)		-	-	-	8 445	8 445	8 445	8 750	9 266	9 804
Sanitation (free sanitation service to indigent households)		-	-	-	7 671	7 671	7 671	5 670	6 905	6 353
Electricity/other energy (50kwh per indigent household per month)		-	-	-	8 233	8 233	8 233	6 500	6 884	7 283
Refuse (removed once a week for indigent households)		-	-	-	6 543	6 543	6 543	4 543	4 811	5 090
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		-	-	-	-	-	-	-	-	-
Total cost of FBS provided		-	-	-	30 892	30 892	30 892	25 463	26 865	28 526
Highest level of free service provided per household										
Property rates (R value threshold)		-	-	-	4 034	4 034	4 034	5 000	5 000	5 000
Water (kilolitre per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (kilolitre per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (average litres per week)		-	-	-	-	-	-	-	-	-
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)		-	-	-	2 108	2 108	2 108	2 472	2 606	2 747
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		-	-	-	-	-	-	-	-	-
Water (in excess of 6 kilolitre per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total revenue cost of subsidised services provided	6	-	-	-	2 108	2 108	2 108	2 472	2 606	2 747

Explanatory notes to Table A10 - Basic Service Delivery Measurement

- Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
- The Municipality continues to make progress with the eradication of backlogs.
- The budget provides for a universal approach to the provision of free subsidised services to both indigent and poor households for the 2017/18 MTREF.
- The cost of free basic services amounts to R 33 million. This implies that the values reflected as Free Basic Services and the revenue cost are in reality much higher should one include the cross-subsidisation that takes place within the lower end of the tariffs. In

addition, the municipality continues to make progress in addressing service delivery backlogs.

1.7 Annual Supporting Budget Tables

MBRR Table SA 3 - Budgeted Financial Position

EC104 Makana - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

2014/15								2015/16				2016/17				Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
Description -		Ref	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21										
R thousand																						
ASSETS																						
Call investment deposits																						
Call deposits																						
Other current investments																						
Total Call investment deposits																						
Consumer debtors																						
Consumer debtors																						
Less: Provision for debt impairment																						
Total Consumer debtors																						
Debt impairment provision																						
Balance at the beginning of the year																						
Contributions to the provision																						
Bad debts written off																						
Balance at end of year																						
Property, plant and equipment (PPE)																						
PPE at cost/valuation (excl. finance leases)																						
Leases recognised as PPE																						
Less: Accumulated depreciation																						
Total Property, plant and equipment (PPE)																						
LIABILITIES																						
Current liabilities - Borrowing																						
Short term loans (other than bank overdraft)																						
Current portion of long-term liabilities																						
Total Current liabilities - Borrowing																						
Trade and other payables																						
Trade and other creditors																						
Unspent conditional transfers																						
VAT																						
Total Trade and other payables																						
Non-current liabilities - Borrowing																						
Borrowing																						
Finance leases (including PPP asset element)																						
Total Non-current liabilities - Borrowing																						
Provisions - non-current																						
Retirement benefits																						
List other major provision items																						
Refuse landfill site rehabilitation																						
Other																						
Total Provisions - non-current																						
CHANGES IN NET ASSETS																						
Accumulated Surplus/(Deficit)																						
Accumulated Surplus/(Deficit) - opening balance																						
GRAP adjustments																						
Residual balance																						
Surplus/(Deficit)																						
Appropriations to Reserves																						
Transfers from Reserves																						
Depreciation offsets																						
Other adjustments																						
Accumulated Surplus/(Deficit)																						
Reserves																						
Housing Development Fund																						
Capital replacement																						
Self-insurance																						
Other reserves																						
Revaluation																						
Total Reserves																						
TOTAL COMMUNITY WEALTH/EQUITY																						
Total capital expenditure includes expenditure on nationally significant priorities:																						
Provision of basic services																						
Water Provision																						
Sanitation																						

MBRR Table SA8 - Performance Indicators and Benchmarks

EC104 Makana - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<u>Borrowing Management</u>											
Credit Rating		0	0	0	0	0	0	0			
Capital Charges to Operating Expenditure	Interest & Principal Paid / Operating Expenditure	1.9%	4.0%	0.1%	2.5%	2.2%	2.2%	0.0%	3.4%	3.4%	3.4%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	2.7%	5.7%	0.1%	3.6%	3.2%	3.2%	0.0%	4.2%	4.2%	4.2%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	-103.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	923.4%	935.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	1.4	1.1	3.6	1.6	1.6	1.6	–	1.0	1.0	1.0
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.4	1.1	3.6	1.6	1.6	1.6	–	1.0	1.0	1.0
Liquidity Ratio	Monetary Assets/Current Liabilities	0.0	0.1	0.1	0.1	0.1	0.1	–	0.0	0.0	0.0
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		100.0%	100.0%	77.1%	110.2%	110.2%	110.2%	0.0%	104.0%	104.5%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		100.0%	100.0%	77.1%	110.2%	110.2%	110.2%	0.0%	104.0%	104.5%	104.9%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	56.5%	63.6%	87.1%	60.4%	60.4%	60.4%	0.0%	51.6%	51.6%	51.7%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old									–	–
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))									–	–
Creditors to Cash and Investments		-471.8%	4848.8%	1723.8%	1736.1%	1117.5%	1117.5%	0.0%	3824.6%	2249.4%	1625.1%
<u>Other Indicators</u>											
	Total Volume Losses (KW)									–	–
	Total Cost of Losses (Rand '000)									–	–
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated									–	–
	Total Volume Losses (kV)									–	–
	Total Cost of Losses (Rand '000)									–	–
Water Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated									–	–
Employee costs	Employee costs/(Total Revenue - capital revenue)	43.6%	36.9%	28.8%	38.8%	38.8%	38.8%	0.0%	37.8%	37.8%	37.8%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	0.0%	30.0%	34.9%	36.1%	35.3%		38.6%	39.7%	39.8%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	4.3%	2.9%	5.4%	0.0%	0.0%	0.0%		19.8%	6.3%	5.5%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	14.5%	14.2%	7.3%	9.7%	9.7%	9.7%	0.0%	4.0%	4.0%	4.0%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	(223.6)	36.5	25.0	17.5	17.5	17.5	–	21.4	21.3	22.4
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	80.7%	89.0%	119.5%	100.9%	100.9%	100.9%	0.0%	79.4%	79.5%	79.6%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	(1.0)	0.2	0.2	0.3	0.4	0.4	(37.9)	0.1	0.3	0.4

MBRR Table SA10 - Funding Measurement

EC104 Makana Supporting Table SA10 Funding measurement

ACT104 Makana Supporting Table SATU Funding measurement												
Description	MFMA section	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	(22 006)	4 698	5 105	8 129	12 629	12 629	12 629	4 118	7 380	10 777
Cash + investments at the yr end less applications - R'000	18(1)b	2	49 980	18 647	121 908	181 855	176 105	176 106	-	46 497	50 017	53 615
Cash year end/monthly employee/supplier payments	18(1)b	3	(1.0)	0.2	0.2	0.3	0.4	0.4	(37.9)	0.1	0.3	0.4
Surplus/(Deficit) excluding depreciation offset: R'000	18(1)	4	29 685	5 723	16 319	195 672	(19 205)	(19 205)	-	36 221	41 738	43 867
Service charge rev % change - macro CPI-X target exclusive	18(1)a,(2)	5	N.A.	14.6%	22.1%	(25.8%)	(6.0%)	(6.0%)	(106.0%)	7.2%	(0.6%)	(0.6%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	99.4%	101.9%	56.4%	92.1%	92.1%	92.1%	0.0%	91.2%	91.6%	92.0%
Debt/impairment expense as a % of total billable revenue	18(1)a,(2)	7	0.0%	0.0%	0.0%	2.8%	2.9%	2.9%	0.0%	4.6%	4.6%	4.6%
Capital payments % of capital expenditure	18(1)c,(19)	8	0.0%	0.0%	0.0%	72.6%	18.1%	18.1%	0.0%	31.6%	0.0%	0.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	(103.6%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								100.8%	99.2%	100.0%
Current consumer debtors % change - inc/(dec)	18(1)a	11	N.A.	33.1%	71.3%	(31.9%)	0.0%	0.0%	(100.0%)	(10.8%)	5.4%	5.5%
Long term receivables % change - inc/(dec)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(v)(i)	13	1.6%	1.2%	3.6%	0.0%	0.0%	0.0%	0.0%	14.7%	4.7%	4.1%
Asset renewal % of capital budget	20(1)(v)(i)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	130.2%	0.0%	0.0%

MAKANA MUNICIPALITY – DRAFT MEDIUM- TERM BUDGET 2018/19 TO 2020/21

Supporting Indicators											
% inc total service charges (incl prop rates)	18(1)a		20.6%	28.1%	(19.8%)	0.0%	0.0%	(100.0%)	13.2%	5.4%	5.4%
% inc Property Tax	18(1)a		16.6%	(100.0%)	0.0%	0.0%	0.0%	(100.0%)	5.1%	5.4%	5.4%
% inc Service charges - electricity revenue	18(1)a		0.8%	97.9%	(36.0%)	0.0%	0.0%	(100.0%)	3.5%	5.4%	5.4%
% inc Service charges - water revenue	18(1)a		68.4%	9.6%	(32.2%)	0.0%	0.0%	(100.0%)	42.2%	5.3%	5.4%
% inc Service charges - sanitation revenue	18(1)a		9.0%	73.1%	(50.7%)	0.0%	0.0%	(100.0%)	(9.3%)	5.2%	5.3%
% inc Service charges - refuse revenue	18(1)a		84.5%	64.7%	(56.1%)	0.0%	0.0%	(100.0%)	112.6%	5.2%	5.3%
% inc in Service charges - other	18(1)a		13.2%	(100.0%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total blable revenue	18(1)a	207 717	250 437	320 759	257 142	257 142	257 142	—	291 167	306 763	323 220
Service charges		207 717	250 437	320 759	257 142	257 142	257 142	—	291 167	306 763	323 220
Property rates		46 153	53 827	—	64 080	64 080	64 080	—	67 345	70 982	74 815
Service charges - electricity revenue		95 766	96 547	191 064	118 542	118 542	118 542	—	122 721	129 316	136 271
Service charges - water revenue		39 594	66 895	73 101	49 587	49 587	49 587	—	70 493	74 255	78 228
Service charges - sanitation revenue		19 752	21 525	37 254	18 380	18 380	18 380	—	16 673	17 545	18 469
Service charges - refuse removal		6 363	11 741	19 340	6 554	6 554	6 554	—	13 934	14 664	15 437
Service charges - other		90	102	—	—	—	—	—	—	—	—
Rental of facilities and equipment		801	1 023	—	1 425	1 425	1 425	—	1 425	1 502	1 584
Capital expenditure excluding capital grant funding		(29 643)	(21 852)	(57 836)	8 600	205 504	205 504	—	75 974	(1 809)	(1 699)
Cash receipts from ratepayers	18(1)a	225 556	262 567	248 006	304 318	304 318	304 318	304 318	323 057	341 983	361 675
Ratepayer & Other revenue	18(1)a	226 682	257 650	240 053	330 358	330 358	330 358	—	354 197	373 196	393 257
Change in consumer debtors (current and non-current)		163 479	55 672	159 542	(383 426)	(28 491)	12 552	13 475	—	—	—
Operating and Capital Grant Revenue	18(1)a	115 733	110 611	—	122 385	122 385	122 385	—	127 392	134 271	141 656
Capital expenditure - total	20(1)(vi)	—	—	—	238 403	238 403	238 403	—	108 274	—	—
Capital expenditure - renewal	20(1)(vi)	—	—	—	—	—	—	—	140 986	51 000	38 000
Supporting benchmarks											
Growth guideline maximum		6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
CPI guideline		4.3%	3.9%	4.6%	5.0%	5.0%	5.0%	5.0%	5.4%	5.6%	5.4%
DoRA operating grants total MFY									88 822	98 552	106 535
DoRA capital grants total MFY									30 772	30 799	28 770
Provincial operating grants									4 232	4 469	4 719
Provincial capital grants									—	—	—
District Municipality grants									1 500	1 586	1 674
Total gazetted/advised national, provincial and district grants									126 326	135 406	141 689
Average annual collection rate (arrears inclusive)											
DoRA operating											
Equitable Share									85 578	92 675	100 381
FMG									2 215	5 877	6 154
EPWP									1 000	—	—
PMU									1 029	—	—
DoRA capital											
MIG									89 822	98 552	106 535
INEP (MUNICIPAL)									22 772	24 399	25 570
									8 000	6 400	3 200
									30 772	30 799	28 770
Trend											
Change in consumer debtors (current and non-current)		163 479	55 672	159 542	(383 426)	(28 491)	12 552	13 475	—	—	—
Total Operating Revenue											
Total Operating Revenue		297 687	351 809	440 053	432 216	432 216	432 216	—	450 290	474 479	500 110
Total Operating Expenditure		337 939	389 251	437 920	474 948	474 948	474 948	—	446 368	466 783	492 158
Operating Performance Surplus/(Deficit)		(40 251)	(37 442)	2 133	(42 731)	(42 731)	(42 731)	—	3 922	7 695	7 952
Cash and Cash Equivalents (30 June 2012)											
Cash and Cash Equivalents									4 118	—	—
Revenue											
% Increase in Total Operating Revenue			18.2%	25.1%	(1.8%)	0.0%	0.0%	(100.0%)	4.2%	5.4%	5.4%
% Increase in Property Rates Revenue			16.6%	(100.0%)	0.0%	0.0%	0.0%	(100.0%)	5.1%	5.4%	5.4%
% Increase in Electricity Revenue			0.8%	97.9%	(36.0%)	0.0%	0.0%	(100.0%)	3.5%	5.4%	5.4%
% Increase in Property Rates & Services Charges			20.6%	28.1%	(19.8%)	0.0%	0.0%	(100.0%)	13.2%	5.4%	5.4%
Expenditure											
% Increase in Total Operating Expenditure			15.2%	12.5%	8.5%	0.0%	0.0%	(100.0%)	(6.0%)	4.6%	5.4%
% Increase in Employee Costs			0.1%	(2.4%)	32.4%	0.0%	0.0%	(100.0%)	1.4%	5.4%	5.4%
% Increase in Electricity Bulk Purchases			18.2%	7.9%	11.1%	0.0%	0.0%	(100.0%)	(10.0%)	5.4%	5.4%
Average Cost Per Budgeted Employee Position (Remuneration)				109286 7155	218209 1261				242461 0741		
Average Cost Per Councilor (Remuneration)				0	0				0		
R&M % of PPE		1.6%	1.2%	3.6%	0.0%	0.0%	0.0%		14.7%	4.7%	4.1%
Asset Renewal and R&M as a % of PPE		1.0%	1.0%	19.0%	0.0%	0.0%	0.0%		102.0%	147.0%	154.0%
Debt Impairment % of Total Blable Revenue		0.0%	0.0%	0.0%	2.9%	2.9%	2.9%	0.0%	4.6%	4.6%	4.6%
Capital Revenue											
Internally Funded & Other (R'000)		23 084	12 047	5 056	8 600	3 600	3 600	—	1 900	—	—
Borrowing (R'000)		849	6 835	—	—	—	—	—	—	—	—
Grant Funding and Other (R'000)		29 643	21 852	57 936	229 803	32 899	32 899	—	32 299	1 609	1 699
Internally Generated funds % of Non Grant Funding		96.5%	63.8%	100.0%	100.0%	100.0%	100.0%	0.0%	100.0%	0.0%	0.0%
Borrowing % of Non Grant Funding		3.5%	36.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grant Funding % of Total Funding		55.3%	53.6%	82.0%	96.4%	90.1%	90.1%	0.0%	94.4%	100.0%	100.0%
Capital Expenditure											
Total Capital Programme (R'000)		53 585	40 733	62 942	237 903	36 499	36 499	—	34 199	34 540	36 474
Asset Renewal		—	—	—	—	—	—	—	140 986	51 000	38 000
Asset Renewal % of Total Capital Expenditure		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	412.2%	3170.2%	2236.8%
Cash											
Cash Receipts % of Rate Payer & Other		99.4%	101.9%	56.4%	92.1%	92.1%	92.1%	0.0%	91.2%	91.6%	92.0%
Cash Coverage Ratio		(0)	0	0	0	0	0	(0)	0	0	0
Borrowing											
Credit Rating (2009/10)									0		
Capital Charges to Operating		1.9%	4.0%	0.1%	2.5%	2.2%	2.2%	0.0%	3.4%	3.4%	3.4%
Borrowing Receipts % of Capital Expenditure		(100.8%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Reserves											
Surplus/(Deficit)		49 980	18 647	121 908	181 855	176 106	176 106	—	46 497	50 017	53 615
Free Services											
Free Basic Services as a % of Equitable Share		0.0%	0.0%	0.0%	42.3%	42.3%	42.3%	—	29.8%	29.1%	28.4%
Free Services as a % of Operating Revenue (excl operational transfers)		0.0%	0.0%	0.0%	0.6%	0.6%	0.6%	—	0.7%	0.7%	0.7%
High Level Outcome of Funding Compliance											
Total Operating Revenue		297 687	351 809	440 053	432 216	432 216	432 216	—	450 290	474 479	500 110
Total Operating Expenditure		337 939	389 251	437 920	474 948	474 948	474 948	—	446 368	466 783	492 158
Surplus/(Deficit) Budgeted Operating Statement		(40 251)	(37 442)	2 133	(42 731)	(42 731)	(42 731)	—	3 922	7 695	7 952
Surplus/(Deficit) Considering Reserves and Cash Backing		49 980	18 647	121 908	181 855	176 106	176 106	—	46 497	50 017	53 615
MTREF Funded (1) / Unfunded (0)	15	1	1	1	1	1	1	1	1	1	1
MTREF Funded ✓ / Unfunded (0)	15	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

MAKANA MUNICIPALITY - DRAFT MEDIUM- TERM BUDGET 2018/19 TO 2020/21

Detail of Free Basic Services (FBS) provided		2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Electricity	Ref									
Location of households for each type of FBS										
Formal settlements - (R 200 per indigent household per month R'000)					8 232 536	8 232 536	8 227 536	6 500 000	6 983 500	7 282 743
Number of HH receiving this type of FBS										
Informal settlements (R'000)										
Number of HH receiving this type of FBS										
Informal settlements targeted for upgrading (R'000)										
Number of HH receiving this type of FBS										
Living in informal backyard rental agreement (R'000)										
Number of HH receiving this type of FBS										
Other (R'000)										
Number of HH receiving this type of FBS										
Total cost of FBS - Electricity for informal settlements										
Water	Ref									
Location of households for each type of FBS										
Formal settlements - (6 kilolitre per indigent household per month R'000)					8 445 407	8 445 407	8 445 407	8 750 000	9 266 250	9 803 683
Number of HH receiving this type of FBS										
Informal settlements (R'000)										
Number of HH receiving this type of FBS										
Informal settlements targeted for upgrading (R'000)										
Number of HH receiving this type of FBS								500 000	529 500	560 211
Living in informal backyard rental agreement (R'000)										
Number of HH receiving this type of FBS										
Other (R'000)										
Number of HH receiving this type of FBS										
Total cost of FBS - Water for informal settlements										
Sanitation	Ref									
Location of households for each type of FBS										
Formal settlements - (free sanitation service to indigent households)					7 671 007	7 671 007	7 671 007	5 670 000	6 004 530	6 352 799
Number of HH receiving this type of FBS										
Informal settlements (R'000)										
Number of HH receiving this type of FBS										
Informal settlements targeted for upgrading (R'000)										
Number of HH receiving this type of FBS										
Living in informal backyard rental agreement (R'000)										
Number of HH receiving this type of FBS										
Other (R'000)										
Number of HH receiving this type of FBS										
Total cost of FBS - Sanitation for informal settlements										
Refuse Removal	Ref									
Location of households for each type of FBS										
Formal settlements - (removed once a week to indigent households)					6 543 050	6 543 050	6 543 050	4 543 000	4 811 027	5 090 077
Number of HH receiving this type of FBS										
Informal settlements (R'000)										
Number of HH receiving this type of FBS										
Informal settlements targeted for upgrading (R'000)										
Number of HH receiving this type of FBS										
Living in informal backyard rental agreement (R'000)										
Number of HH receiving this type of FBS										
Other (R'000)										
Number of HH receiving this type of FBS										
Total cost of FBS - Refuse Removal for informal settlements										

MBRR Table SA18 - Transfers & Grants Receipts

EC104 Makana - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:										
Local Government Equitable Share		-	76 364	80 559	77 632	77 632	77 632	89 997	95 355	103 493
EPWP Incentive			72 184	75 767	73 008	73 008	73 008	85 578	92 675	100 381
Finance Management			1 007	1 002	1 000	1 000	1 000	1 000	-	-
Municipal Systems Improvement			1 909	1 675	1 810	1 810	1 810	2 215	2 680	3 112
				930	-	-	-	-	-	-
MIG Operational			1 264	1 185	1 814	1 814	1 814	1 204	-	-
Provincial Government:										
Sport and Recreation		-	2 435	2 581	2 901	2 901	2 901	4 232	4 469	-
			2 435	2 581	2 901	2 901	2 901	4 232	4 469	-
MIG Operational								-	-	-
District Municipality:										
Health Subsidy		-	1 409	1 500	1 917	1 917	1 917	1 500	-	-
Fire Subsidy + LED Subsidy			1 409	1 500	1 917	1 917	1 917	800	-	-
								700	-	-
Other grant providers:										
Water Demand Management		-	-	-	-	-	-	5 803	-	-
SETA Subsidy								5 000	-	-
								803	-	-
Total Operating Transfers and Grants	5	-	80 208	84 639	82 450	82 450	82 450	101 532	99 824	103 493
Capital Transfers and Grants										
National Government:										
Municipal Infrastructure Grant (MIG)		30 098	45 865	48 510	120 474	34 474	34 474	30 772	30 739	28 770
Regional Bulk Infrastructure		30 098	35 865	22 510	34 474	34 474	34 474	22 772	24 339	25 570
Municipal Infrastructure Grant (MIG)			10 000	26 000	86 000	-	-	-	-	-
								-	-	-
INEP & NDPG & Water								8 000	6 400	3 200
Provincial Government:										
Other capital transfers/grants (insert description)		-	-	-	-	-	-	-	-	-
District Municipality:										
Health Subsidy		-	-	-	-	-	-	-	-	-
Other grant providers:										
Water Demand Management		-	-	-	-	-	-	-	-	-
ECDC								-	-	-
Total Capital Transfers and Grants	5	30 098	45 865	48 510	120 474	34 474	34 474	30 772	30 739	28 770
TOTAL RECEIPTS OF TRANSFERS & GRANTS		30 098	126 073	133 149	202 924	116 924	116 924	132 304	130 563	132 263

MBRR Table SA20 - Reconciliation of transfers, grants receipts and unspent funds

EC104 Makana - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description		Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Operating transfers and grants:		1,3									
National Government:											
Balance unspent at beginning of the year					341	—	—	—	—	—	—
Current year receipts					159 933	77 632	77 632	77 632	1 204	—	—
Conditions met - transferred to revenue			—	—	160 274	77 632	77 632	77 632	1 204	—	—
Conditions still to be met - transferred to liabilities					—	—	—	—	—	—	—
Provincial Government:											
Balance unspent at beginning of the year					—	—	—	—	—	—	—
Current year receipts					2 581	2 901	—	—	4 232	4 469	—
Conditions met - transferred to revenue			—	—	2 581	2 901	—	—	4 232	4 469	—
Conditions still to be met - transferred to liabilities					—	—	—	—	—	—	—
District Municipality:											
Balance unspent at beginning of the year					—	—	—	—	—	—	—
Current year receipts					1 500	1 917	2 036	2 156	1 500	—	—
Conditions met - transferred to revenue			—	—	1 500	1 917	2 036	2 156	1 500	—	—
Conditions still to be met - transferred to liabilities					—	—	—	—	—	—	—
Other grant providers:											
Balance unspent at beginning of the year					1 024	—	—	—	—	—	—
Current year receipts					—	—	—	—	—	—	—
Conditions met - transferred to revenue			—	—	1 024	—	—	—	—	—	—
Conditions still to be met - transferred to liabilities					—	—	—	—	—	—	—
Total operating transfers and grants revenue			—	—	165 379	82 450	79 668	79 788	6 936	4 469	—
Total operating transfers and grants - CTBM		2	—	—	—	—	—	—	—	—	—
Capital transfers and grants:		1,3									
National Government:											
Balance unspent at beginning of the year					—	—	—	—	—	—	—
Current year receipts					56 685	156 790	106 599	116 172	23 976	24 399	25 570
Conditions met - transferred to revenue			—	—	56 685	156 790	106 599	116 172	23 976	24 399	25 570
Conditions still to be met - transferred to liabilities					—	—	—	—	—	—	—
Provincial Government:											
Balance unspent at beginning of the year					—	—	—	—	—	—	—
Current year receipts					996	1 084	—	—	—	—	—
Conditions met - transferred to revenue			—	—	996	1 084	—	—	—	—	—
Conditions still to be met - transferred to liabilities					—	—	—	—	—	—	—
District Municipality:											
Balance unspent at beginning of the year					—	—	—	—	—	—	—
Current year receipts					—	—	—	—	—	—	—
Conditions met - transferred to revenue			—	—	—	—	—	—	—	—	—
Conditions still to be met - transferred to liabilities					—	—	—	—	—	—	—
Other grant providers:											
Balance unspent at beginning of the year					—	—	—	—	—	—	—
Current year receipts					—	—	—	—	—	—	—
Conditions met - transferred to revenue			—	—	—	—	—	—	—	—	—
Conditions still to be met - transferred to liabilities					—	—	—	—	—	—	—
Total capital transfers and grants revenue			—	—	57 681	157 874	106 599	116 172	23 976	24 399	25 570
Total capital transfers and grants - CTBM		2	—	—	—	—	—	—	—	—	—
TOTAL TRANSFERS AND GRANTS REVENUE			—	—	223 060	240 324	186 267	195 960	30 912	28 868	25 570
TOTAL TRANSFERS AND GRANTS - CTBM			—	—	—	—	—	—	—	—	—

MBRR Table SA24 - Summary of personnel numbers

EC104 Makana - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers		2016/17			Current Year 2017/18			Budget Year 2018/19		
Number	Ref	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		–	–	–	–	–	–	–	–	–
Board Members of municipal entities	4	–	–	–	–	–	–	–	–	–
Municipal employees	5	6	586	115	325	318	–	325	318	–
Municipal Manager and Senior Managers	3	–	28	–	6	–	–	6	–	–
Other Managers	7	–	–	–	–	–	–	–	–	–
Professionals		–	364	–	281	278	–	281	278	–
Finance		–	1	–	1	–	–	1	–	–
Spatialtown planning		–	–	–	–	–	–	–	–	–
Information Technology		–	47	–	4	2	–	4	2	–
Roads		–	–	–	47	47	–	47	47	–
Electricity		–	–	–	–	–	–	–	–	–
Water		–	76	–	76	76	–	76	76	–
Sanitation		–	38	–	38	38	–	38	38	–
Refuse		–	202	–	100	100	–	100	100	–
Other		–	–	–	15	15	–	15	15	–
Technicians		–	–	–	75	91	–	75	91	–
Finance		–	–	–	–	–	–	–	–	–
Spatialtown planning		–	–	–	–	–	–	–	–	–
Information Technology		–	–	–	–	–	–	–	–	–
Roads		–	–	–	–	–	–	–	–	–
Electricity		–	–	–	–	–	–	–	–	–
Water		–	–	–	–	–	–	–	–	–
Sanitation		–	–	–	–	–	–	–	–	–
Refuse		–	–	–	–	–	–	–	–	–
Other		–	–	–	75	91	–	75	91	–
Clerks (Clerical and administrative)		–	–	–	15	15	–	15	15	–
Service and sales workers		–	–	–	–	–	–	–	–	–
Skilled agricultural and fishery workers		–	–	–	–	–	–	–	–	–
Craft and related trades		–	–	–	–	–	–	–	–	–
Plant and Machine Operators		–	67	–	67	67	–	–	–	–
Elementary Occupations		–	–	–	–	–	–	–	–	–
TOTAL PERSONNEL NUMBERS	9	6	1 045	115	769	769	–	702	702	–
% Increase					12 716.7%	(26.4%)	(100.0%)	(8.7%)	(8.7%)	–

MBRR Table SA25 - Budgeted monthly revenue and expenditure

EC104 Makana - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description		Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
R thousand			July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source																	
Property rates	–		35 000	7 500	2 200	2 200	2 200	2 200	2 200	2 200	2 200	2 200	2 200	7 245	67 345	70 962	74 615
Service charges - electricity revenue	10 565		10 565	10 565	10 565	10 565	10 565	10 565	10 565	10 565	10 565	10 565	10 565	6 512	122 721	129 316	136 271
Service charges - water revenue	2 500		8 800	4 835	4 835	4 835	4 835	4 835	4 835	4 835	4 835	4 835	4 835	15 674	70 493	74 255	78 228
Service charges - sanitation revenue	2 171		5 500	2 171	1 110	2 171	3 500	1 200	1 100	2 171	2 171	1 300	(7 891)	16 673	17 545	16 465	
Service charges - refuse revenue	1 091		1 091	1 091	1 091	1 091	1 091	1 091	1 091	1 091	1 091	1 091	1 091	1 929	13 934	14 664	15 437
Service charges - other	–		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment	–	263	–	–	–	263	267	–	263	263	–	–	–	105	1 425	1 502	1 584
Interest earned - external investments	–	21	–	–	–	–	–	–	–	–	–	–	–	779	800	843	890
Interest earned - outstanding debtors	–	–	3 001	–	–	–	–	–	–	3 525	–	–	–	852	7 418	7 618	8 246
Dividends received	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits	–	5	10	–	–	15	100	–	5	50	50	50	75	680	990	1 043	1 100
Licences and permits	300	300	300	300	300	200	200	200	200	200	200	200	200	2 339	4 759	5 016	5 292
Agency services	150	150	150	150	150	150	150	150	150	150	150	150	–	(1 200)	300	316	334
Transfers and subsidies	–	–	37 500	–	–	–	29 500	–	–	300	–	–	–	27 793	95 083	100 228	105 741
Other revenue	3 000	5 000	2 000	200	2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000	23 939	48 139	50 738	53 478
Gains on disposal of PPE	–	–	–	–	–	–	–	–	–	–	–	–	–	200	200	211	222
Total Revenue (excluding capital transfers and contributions)		19 777	104 195	31 623	26 451	23 400	65 409	21 241	22 230	27 350	23 262	22 266	78 896	450 290	474 478	500 110	
Expenditure By Type																	
Employee related costs	1 250	12 500	12 500	12 500	20 000	15 000	12 500	12 500	12 500	12 500	12 500	12 500	33 958	170 208	179 399	189 086	
Remuneration of councillors	850	850	850	850	850	850	850	850	850	850	850	850	1 747	11 097	11 698	12 339	
Debt impairment	–	–	–	–	–	–	–	–	–	–	–	–	13 318	13 318	14 037	14 809	
Depreciation & asset impairment	–	–	–	–	–	–	–	–	–	–	–	–	10 500	10 500	11 067	11 695	
Finance charges	–	500	500	500	500	500	500	500	500	500	500	500	2 500	7 500	7 905	8 340	
Bulk purchases	9 500	9 500	9 500	9 500	6 500	6 500	6 500	6 500	6 500	6 500	9 500	9 500	3 900	93 500	98 549	103 871	
Other materials	200	100	100	75	100	50	100	100	100	100	100	100	50	633	1 658	1 747	1 843
Contracted services	–	3 000	–	–	–	–	4 500	–	5 000	–	1 155	(1 196)	12 459	9 443	9 853	9 853	
Transfers and subsidies	37	37	750	37	37	750	37	37	750	37	37	37	25 889	26 435	29 970	31 619	
Other expenditure	10 684	10 684	10 684	10 684	10 684	10 684	10 684	10 684	10 684	10 684	10 684	10 684	10 684	(117 524)	–	–	–
Loss on disposal of PPE	–	–	–	–	–	–	–	–	–	–	–	–	–	97 694	97 694	102 070	108 633
Total Expenditure		22 621	37 171	34 884	34 146	38 671	34 334	35 671	31 271	36 834	34 171	35 276	71 418	446 388	466 783	492 158	
Surplus/(Deficit)			(2 744)	67 024	(2 261)	(12 695)	(15 181)	21 075	(14 430)	(9 041)	(9 484)	(10 909)	(13 010)	7 477	3 922	7 695	7 952
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	3 200	3 500	2 500	–	–	–	–	–	5 500	3 500	2 500	3 600	7 999	32 299	34 043	35 916	
Transfers and subsidies - capital (monetary allocations) (National / Provincial / Departmental)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Agencies, Household, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Transfers and subsidies - capital (in-kind - all)	–	–	100 000	–	–	–	50 000	–	–	–	–	–	–	(150 000)	–	–	
Surplus/(Deficit) after capital transfers & contributions	456	70 524	99 239	(13 695)	(15 181)	21 075	35 570	(3 541)	(5 984)	(8 409)	(9 410)	(134 424)	36 221	41 738	43 967		
Taxation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Attributable to minorities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Share of surplus/(deficit) of associate	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Surplus/(Deficit)	1	456	70 524	99 239	(13 695)	(15 181)	21 075	35 570	(3 541)	(5 984)	(8 409)	(9 410)	(134 424)	36 221	41 738	43 967	

MBRR Table SA26 - Budgeted monthly revenue and expenditure (Municipal Vote)

EC104 Makana - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue by Vote																
Vote 1 - Technical & Infrastructure		3 303	3 303	3 303	3 303	3 303	3 303	3 303	3 303	3 303	3 303	3 303	6 086	42 419	44 710	47 189
Vote 2 - Corporate Services		512	512	512	512	512	512	512	512	512	512	512	4 246	9 878	10 411	10 984
Vote 3 - Financial Services		7 206	7 206	7 206	7 206	7 206	7 206	7 206	7 206	7 206	7 206	7 206	16 233	95 499	100 656	106 192
Vote 4 - Community & Social Services		3 060	3 060	3 060	3 060	3 060	3 060	3 060	3 060	3 060	3 060	3 060	10 912	44 572	45 979	49 563
Vote 5 - Executive Mayor		738	738	738	738	738	738	738	738	738	738	738	(4 520)	3 598	3 792	4 001
Vote 6 - Speakers Office		942	942	942	942	942	942	942	942	942	942	942	(943)	9 796	10 328	10 896
Vote 7 - Municipal Manager		1 156	1 156	1 156	1 156	1 156	1 156	1 156	1 156	1 156	1 156	1 156	2 052	14 768	15 565	16 421
Vote 8 - Local Economic Development		1 378	1 378	1 378	1 378	1 378	1 378	1 378	1 378	1 378	1 378	1 378	3 632	18 780	19 804	20 893
Vote 9 - Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Electricity		11 659	11 659	11 659	11 659	11 659	11 659	11 659	11 659	11 659	11 659	11 659	21 237	149 487	157 559	166 225
Vote 11 - Water		5 956	5 956	5 956	5 956	5 956	5 956	5 956	5 956	5 956	5 956	5 956	30 186	95 662	100 849	106 396
Vote 12 - Dog Tax		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - (NAME OF VOTE 13)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - (NAME OF VOTE 14)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - (NAME OF VOTE 15)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote		35 910	35 910	35 910	35 910	35 910	35 910	35 910	35 910	35 910	35 910	35 910	89 480	484 480	510 653	539 739
Expenditure by Vote to be associated																
Vote 1 - Technical & Infrastructure		4 052	4 052	4 052	4 052	4 052	4 052	4 052	4 052	4 052	4 052	4 052	8 200	52 772	55 622	58 681
Vote 2 - Corporate Services		2 380	2 380	2 380	2 380	2 380	2 380	2 380	2 380	2 380	2 380	2 380	(9 075)	17 105	18 029	18 021
Vote 3 - Financial Services		4 677	4 677	4 677	4 677	4 677	4 677	4 677	4 677	4 677	4 677	4 677	35 100	86 547	91 220	96 237
Vote 4 - Community & Social Services		4 498	4 498	4 498	4 498	4 498	4 498	4 498	4 498	4 498	4 498	4 498	23 945	73 423	77 388	81 644
Vote 5 - Executive Mayor		738	738	738	738	738	738	738	738	738	738	738	(2 569)	5 548	5 848	6 170
Vote 6 - Speakers Office		941	941	941	941	941	941	941	941	941	941	941	837	10 966	11 581	12 218
Vote 7 - Municipal Manager		1 126	1 126	1 126	1 126	1 126	1 126	1 126	1 126	1 126	1 126	1 126	1 493	13 679	14 629	15 433
Vote 8 - Local Economic Development		1 833	1 833	1 833	1 833	1 833	1 833	1 833	1 833	1 833	1 833	1 833	(3 284)	16 678	17 790	18 789
Vote 9 - Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Electricity		10 022	10 022	10 022	10 022	10 022	10 022	10 022	10 022	10 022	10 022	10 022	10 608	120 850	127 376	134 382
Vote 11 - Water		5 802	5 802	5 802	5 802	5 802	5 802	5 802	5 802	5 802	5 802	5 802	(15 445)	48 377	50 989	53 794
Vote 12 - Dog Tax		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - (NAME OF VOTE 13)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - (NAME OF VOTE 14)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - (NAME OF VOTE 15)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote		36 063	36 063	36 063	36 063	36 063	36 063	36 063	36 063	36 063	36 063	36 063	40 669	446 368	470 472	496 348
Surplus/(Deficit) before assoc.		(153)	(153)	(153)	(153)	(153)	(153)	(153)	(153)	(153)	(153)	(153)	39 871	38 122	40 181	42 390
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	(153)	(153)	(153)	(153)	(153)	(153)	(153)	(153)	(153)	(153)	(153)	39 871	38 122	40 181	42 390

MBRR Table SA29 - Budgeted monthly capital expenditure (functional classification)

EC104 Makana - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital Expenditure - Functional	1															
Governance and administration																
Executive and council		-	-	-	250	-	-	350	-	-	150	-	(750)	-	-	-
Finance and administration		-	-	-	250	-	-	350	-	-	150	-	(750)	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and public safety																
Community and social services		-	-	1 500	-	-	-	2 200	-	-	-	-	(279)	3 422	2 008	2 121
Sport and recreation		-	-	1 500	-	-	-	2 200	-	-	-	-	(2 178)	1 522	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-	1 900	1 900	2 008	2 121
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services																
Planning and development		-	3 500	-	-	-	2 100	-	-	709	-	-	(4 835)	1 474	1 559	1 646
Road transport		-	-	-	-	-	600	-	-	-	-	-	(600)	-	-	-
Environmental protection		-	-	-	-	-	1 500	-	-	709	-	-	(4 235)	1 474	1 559	1 646
Trading services																
Energy services		-	2 500	5 000	-	1 500	25 000	-	2 000	-	25 000	-	(31 698)	29 902	30 973	32 707
Water management		-	-	-	-	-	-	-	-	-	-	-	2 000	8 000	8 456	8 930
Waste water management		-	-	5 000	-	-	25 000	-	-	-	25 000	-	16 509	16 509	17 450	18 427
Waste management		-	-	-	-	-	-	-	-	-	-	-	(50 207)	4 793	5 067	5 350
Other		-	-	-	-	-	-	500	-	-	-	-	(500)	-	-	-
Total Capital Expenditure - Functional	2	-	6 000	6 500	250	1 500	27 100	3 850	2 000	709	25 150	-	(38 959)	34 199	34 540	36 474
Funded by:																
National Government		-	-	-	-	-	-	-	-	-	-	-	30 777	30 777	-	-
Provincial Government		-	567	-	-	-	-	-	-	-	-	-	955	1 522	1 608	1 699
District Municipality		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	38 000	-	-	25 700	-	-	-	45 000	-	-	(106 700)	-	-	-
Transfer recognised - capital		-	39 567	-	-	25 700	-	-	-	45 000	-	-	(76 968)	32 299	1 608	1 699
Public contributions & donations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	1 500	-	3 500	-	-	-	2 800	-	-	-	(5 900)	1 900	-	-
Total Capital Funding		-	40 067	-	3 500	25 700	-	-	2 800	45 000	-	-	(82 868)	34 199	1 608	1 699

PART 2- SUPPORTING DOCUMENTATION

2.1 Overview of the Budget Process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Mayor, Mayco, Municipal Manager and senior officials of the municipality meet on the 13 March 2018 to discuss the draft budget.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.2 Overview of Budget Assumptions

Budgets are prepared in an environment of uncertainty. To prepare meaningful budgets, assumptions need to be made about internal and external factors that could influence the budget. This budget is premised on an 85 per cent collection rate.

General inflation outlook and its impact on the municipal activities

The revised headline CPI forecasts from National Treasury for 2018/19, 2019/20 and 2020/21 are 5.3%, 5.4% and 5.5% respectively. These growth parameters does not apply to tariff increases for property rates, user and other charges raised by municipalities.

Rates, tariffs and charges

The following table shows the assumed average domestic percentage increases built into the MTREF for rates, tariffs and charges:

Tariffs	Proposed tariff increases (2018/19)
Rates	9%
Water	6%
Electricity Monthly consumption	6.84%
Sewerage	6%
Refuse	6%

Sundry tariff increases will be limited, in most instances, to be within the CPI inflation rate.

Collection rates for each revenue source and customer type

The Municipality has in place a revised fair credit control policy. Furthermore, policy on indigent support and rebates means that indigent households receive free or subsidised basic services thereby keeping them free of the burden of municipal debt.

Free or subsidised basic services

Makana's criteria for supporting free or subsidised basic services are set out in the indigent support and rebate policy. The Government allocates revenue from the Division of Revenue Act (DORA) in the form of the Equitable Share Grant with the primary aim of assisting with the costs of providing free or subsidised basic services to indigent households. Any costs over and above the Equitable Share allocation are met by the Municipality.

2.3 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term

development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents.

The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the municipality strategically complies with the key national and provincial priorities.

The IDP drives the strategic development of the Municipality. The Municipality's budget is influenced by the strategic objectives identified in the IDP. The service delivery budget implementation plan (SDBIP) ensures that the Municipality implements programmes and

projects based on the IDP targets and associated budgets. The performance of the Municipality is tabled in its Annual report.

2.4 Performance indicators and benchmarks

2.4.1 Revenue Management

As part of the financial sustainability strategy, an aggressive revenue management framework has been continued from previous years to maintain cash inflow. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection with specific focus in the “traditional areas”.

2.4.2 Creditors Management

The Municipality is still struggling to ensure that creditors are settled within the legislated 30 days of invoiced due to financial challenges.

2.5 Overview of budget related-policies

The Municipality’s budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.5.1 Review of credit control and debt collection procedures/policies

The Credit Control & Debt Collection Policy was reviewed and approved by Council in June 2016 and is still in place and very effective. The policy is credible, sustainable, and manageable and informed by affordability and value for money, hence there is no need to review any components of the policy.

The 2018/18 MTREF has been prepared on the basis of achieving an average debtors’ collection rate of 85 per cent on current billings.

2.5.2 Asset Management

The consumption of assets is measured with their level of depreciation. To ensure future sustainability of the Municipality’s infrastructure, service delivery and revenue base; investment in existing infrastructure is paramount. The strategy in the framework is to give more priority and emphasis on renewal of existing infrastructure. The renewal of existing assets, the need for the repairs and maintenance of existing assets is considered in the framework hence a move by the Municipality to invest more in repairs and maintenance.

The Asset Management Policy is considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

Amendments are proposed for this policy in the 2018/19 financial year.

2.5.3 Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the

Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

Amendments are proposed for this policy in the 2018/19 financial year.

2.5.4 Supply Chain Management Policy

The amendment of the Supply Chain Management Policy was done in terms of Supply Chain Management Regulations clause 3(1) (b).

Amendments are proposed for this policy in the 2018/19 financial year

2.5.5 Virement Policy

The Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations.

Amendments are proposed for this policy in the 2017/18 financial year

2.6.7 Tariff of Charges Policy

The Municipality's tariff policy provides a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery.

2.6.8 Grant Policy - New

To bring legal certainty to the process of managing unspent conditional grant funds,

2.6.9 Budget Process Policy - New

The objective of this policy is to set out the budgeting principles and procedures which the Municipality will follow in preparing each annual budget, as well as the responsibilities of various officials and office bearers in compiling such a budget.

2.6.8 SCM - Infrastructure Procurement and Delivery Management Policy

This policy establishes infrastructure procurement and delivery management in accordance with the provisions of the regulatory frameworks for procurement and supply chain management.

Amendments are proposed for this policy in the 2018/19 financial year

The policy is amended and approved annually with the MTREF.

All the above policies are available on the Municipality website, as well as the following budget related policies:

- Property Rates Policy; and
- Fraud Prevention policy.

Acting Municipal Manager Quality Certificate

I,, Acting Municipal Manager of Makana Municipality, hereby certify that the 2018/19 Annual Budget and supporting documentation have been prepared in accordance with the Municipal Finance Act and the regulations made under that Act, and that the annual budget and supporting documentation are consistent with the Integrated Development Plan of the municipality..

.....

Mr.T. Pillay

ACTING MUNICIPAL OF MAKANA MUNICIPALITY (EC104)

DATE:



File ref: 8/2/3/1

Item no: SC 6.4

Date: 28 MARCH 2018

REPORT DATED 08 MARCH 2018 TO COUNCIL FROM THE MUNICIPAL MANAGER

**SUBJECT: CHANGE OF NAME NOTIFICATION AND APPROVAL OF CHANGE OF USE
OF PREMISES SITUATED AT ERF 4905 RINI LEASED TO KHULANATHI
DAY CARE CENTRE**

1. PURPOSE

For the Council to **Note the change of name** and **Approve** the change of use by Khulanathi Day Care Centre to Psycho Social Rehabilitation Centre.

2. FOR DECISION BY

COUNCIL to note and approve the recommendation from the **MUNICIPAL MANAGER**

3. EXECUTIVE SUMMARY

Khulanathi Centre Psycho-Social Rehabilitation Centre has entered into a Lease Agreement with Council as Khulanathi Day Care Centre. They have changed services to offer Psycho-Social Rehabilitation as the facility is rendering rehabilitation programmes for outpatients and no longer a day care centre. The centre is registered with the Department of Social Development and Department of Health.

Town Planning has been called upon to check on the rezoning of the premises at ERF 4905 which is also known as BB Zondani Hall. Town Planning has indicated that the hall's rezoning was never changed from single residential to institutional zoning Community 111 when it was built and therefore it would need to be rezoned at the Municipality's cost. This should however not affect the rights of the leasee because it was the Municipality who neglected to attend to the rezoning. The Town Planning department consent to change of use to run and will attend to rectifying the rezoning issues.

RECOMMENDATIONS

- a) THAT Council **NOTES** the change in the name of Khulanathi Day Care to Khulanathi Psycho-Social Rehabilitation Centre
- b) THAT Council **APPROVES** change in use of the premises in terms of the condition of lease on the premises at ERF 4905 RINI from use as a day care facility to an outpatient psycho- social rehabilitation centre.

4. DISCUSSION/CONTENTS

On the 17th of February 2015, The Local Economic Development and Planning Portfolio Committee approved the leasing of premises of the Caretaker's Cottage situated at BB Zondani Hall situated at ERF 4905 Victoria Road to Khulanathi Day Care Centre to run day care services. The resolution is attached hereto marked "A". A lease agreement was signed on the 31st of August 2015 between the Municipality and the Khulanathi Day Care. The lease is attached marked "B".

Clause 2.1 of the lease Khulanathi may only conduct day care services on the property. It came to our attention during inspection of the premises that the lessee was conducting different services namely running an outpatient facility for psych-social services and as such a change to the main resolution and the lease needed to be amended to reflect the change of use.

The Khulanathi Day Care centre has advised that it has since changed its name to Khulanathi Psycho-Social Rehabilitation Centre. The Centre is registered with the Department of Health and licenced to operate as a psycho social rehabilitation centre, see copy of proof of registration marked "C". The centre is also registered as a Non-Profit Organisation see proof of registration marked "D". Furthermore the activities at the centre include monitoring that patients take their medications and attend group sessions as part of their outpatient care and/ or receive some light meals at the centre.

The application for the change of use is attached hereto for ease of reference marked "E". The locality plan of the premises is also attached marked "F".

Town Planning department has been consulted about the rezoning of ERF 4905 which had not been done since BB Zondani hall was built. Their views are attached hereto marked "G". Rezoning will be for the cost of the Municipality as the hall is municipal property.

4.1. Constitutional and Policy Implications

Lease and Land Disposal Policy

4.2. Environmental implications

Does your report have any environmental implications:	No X	Yes
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4.3. Financial Implications

NONE

4.4. Legal Implications

Municipal Systems Act

Municipal Finance Management Act

4.5. Staff implications

NO ☒

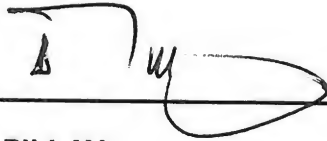
YES ☐

4.6. COMMENTS FROM THE EXECUTIVE MANAGEMENT;

LED AND PLANNING: See attached email from Town planning marked "G"

7. **ANNEXURES**

- 7.1 Resolution by LED and Planning
- 7.2 Copy of lease
- 7.2 Copy of Proof of registration with Department of Health
- 7.3 Registration as an NPO with the Department of Social Development
- 7.3 Letter dated 23 October 2018 from Khulanathi Psycho-Social Rehabilitation Centre
- 7.4 Locality Plan and comments from Town Planning



M D PILLAY
ACTING MUNICIPAL MANAGER

23/03/2018

17 February 2015

- b) THAT the tenant be charged a monthly rental of R1500, 00 (VAT be included) with escalation of 10% per annum excluding water.

LED 8.11

APPLICATION TO LEASE (CARETAKERS COTTAGE AT) BB ZONDANI HALL SITUATED ON ERF 4905 VICTORIA ROAD TO OPERATE KHULANATHI DAY CARE CENTRE.

CONSIDERED:

Report Dated 17 February 2015 from the Acting Director: Local Economic Development and Planning.

1. THAT the caretaker's cottage be leased to Khulanathi Day Care Centre for a period of five (5) years.
2. THAT Khulanathi Centre renovates the building at its own expenses since the municipality is experiencing cash flow challenges.
3. THAT a written agreement be entered into between Council and the applicant to have the renovations expenses deducted from their monthly rental to recover funds spent on renovations.
4. THAT a monthly rental of R600, 00 be charged with an escalation of 10% per annum.
5. THAT water and electricity be charged separately.

LED 8.12

APPLICATION TO PURCHASE ERVEN 1482; 1487; 1488; 1489; 6322; 6344; AND 6474 TO ERECT A MOSQUE: GRAHAMSTOWN MUSLIM

CONSIDERED:

Report Dated 17 February 2015 from the Acting Director: Local Economic Development and Planning.

The Committee **RECOMMENDED:**

- a) THAT all outstanding supporting documents to the item that included, be brought forward and the item be escalated to the Mayoral.
- b) THAT a copy of a map which reflects where the land is situated be included in the report in order to assist the Council to show where the land applied for, is situated.

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B

LEASE AGREEMENT

Entered into between

MAKANA MUNICIPALITY herein represented by
Maria Johaana Meiring in her capacity as an Acting Municipal Manager,
(hereinafter called the **LESSOR**)

And

KHULANATHI CENTRE herein
Represented by Lulama Petronella Mkumatela in
her capacity as a Chairperson of the Centre
(Hereinafter called the **LESSEE**)

WHEREAS the **LESSEE** has applied to the **LESSOR** to lease a certain premises situated on Erf 4905, Victoria Road, Grahamstown, for the sole purpose of operating Day Care Centre.

NOW THEREFORE the **LESSOR**, pursuant to the Municipal Ordinance 20 of 1974, hereby agrees to lease to the **LESSEE** and the **LESSEE** hereby agrees to hire from the **LESSOR** the property, subject to the following terms and conditions:

MDM
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LGM 92
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1. PREAMBLE, INTERPRETATIONS AND DEFINITIONS

- 1.1. The head notes to the clauses of this lease are inserted for reference purposes only and shall in no way govern or affect the interpretation hereof.
- 1.2. Unless inconsistent with the context, any expression contained in this lease, including any expression and any definition.
 - 1.2.1. any gender, includes the other gender;
 - 1.2.2. a natural person, includes an artificial person and vice versa;
 - 1.2.3. the singular, includes the plural and vice versa.
- 1.3. All annexures to this lease form an integral part hereof and expressions defined in this lease shall, unless the context otherwise requires, bear the same meaning in such annexures
- 1.4. Unless inconsistent with the context, the expressions set forth below shall bear the following meanings;
 - 1.4.1. **"accommodation"** as referred to in the policy, shall have the same meaning as property and building.
 - 1.4.2. **"lease/this lease"** the agreement of lease concluded between the lessor and the lessee and to which these conditions are annexed;
 - 1.4.3. **"lessee"** the lessee defined as such in schedule 1 of this lease
 - 1.4.4. **"lessor"** Makana Municipality;
 - 1.4.5. **"property"** the official property as described under property description in schedule 1;
 - 1.4.6. **"VAT"** the tax, known as value added tax, which is required to be levied and paid for the benefit of the State Revenue Fund in terms of Section 7 of the Value Added Tax Act, No 89 of 1991, as amended;

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2. USE OF PROPERTY

- 2.1. It is hereby specifically declared and acknowledged that the property hereby let is registered in the name of the **LESSOR** and that this lease is accordingly entered into for the sole purpose of Day Care Centre.
- 2.2. The **LESSEE** shall not do, nor allow to be done, anything, which may in the opinion of the **LESSOR** damage the property, or permit to be committed, any act that may constitute a nuisance or inconvenience to, or affect the peace and/or comfort enjoyed by any person.
- 2.3. The **LESSEE** in his use of the property, shall
- 2.3.1. conform with all laws and statutory, municipal and other by- laws and regulations relating to lessees or occupiers of the property;
- 2.3.2. not knowing nor negligently cause nor allow to be caused any blockage or failure in any sewerage pipes, water pipes, drains and other supply equipment and installations serving the property, and
- 2.3.3. not do, nor permit to be done, any act, matter or thing which may render the **LESSOR'S** insurance of the property and/or the property against risk of loss or damage attributable to any of the causes insured against from time to time, either void or voidable, or which may increase the rate of premiums payable by the **LESSOR** in respect of the property with regard to such insurance.

3. LEASE PERIOD

- 3.1. This lease shall commence on **01 June 2015** for the period not exceeding five (5) years with an option to renew for further five (5) years, unless terminated by operation of law or by virtue of the provisions contained in this Agreement of Lease.
- 3.2. This lease may be terminated by either party giving the other one (1) Months written notice to this effect.

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- 3.3. In the case of the **LESSEE** wishing to purchase the property at the end of the period stated in Clause 3.1 above, such property shall be transferred to the **LESSEE** on payment of an initial amount to be agreed upon, but which shall not be less than any loss sustained by the **LESSOR** by reason of the rental being based on interest at the rate of 17.25% per annum.

4. RENTAL AMOUNT

- 4.1. The monthly rental to be paid by the Khulanathi Centre shall be **R600.00 plus vat**, increased annually by 10%, payable monthly on the last day of each month upon receipt by the Khulanathi Centre, of a demand from the **LESSOR** for payment of same.
- 4.2. The Khulanathi Centre shall pay all Municipal and Divisional Council assessment rates.
- 4.3. The Khulanathi Centre shall be liable for the payment of charges for water, electricity, sanitation, refuse removals and for the daily domestic cleaning of the hired premises.

5. MAINTENANCE

- 5.1. The Khulanathi Centre shall, during the currency of this lease, maintain the said premises in a good and proper condition and state of repair, internally as well as externally and shall repair all damage to and rectify all deterioration of the said premises, within a reasonable time; damage or deterioration caused by the wilful or negligent act, omission of persons in the employ of the Municipality alone being excepted.
- 5.2. **LESSEE** shall be entitled to make and affix to the walls, ceilings and floors such fittings and fixtures in the said premises as it may consider necessary or suitable for its purposes, which fittings and fixtures shall be and remain the property of the **LESSEE** which shall be entitled to remove and dispose of the same during the currency of this lease, or at the expiry thereof. The **LESSEE** shall, however, repair and make good any damage caused to the said premises by the removal of any such fittings or fixtures.

- 5.3. Should the **LESSEE** neglect to undertake such repair within a stipulated period on written notification from the **LESSOR**, the **LESSOR** shall have the right to undertake such repair at the expense of the **LESSEE**.
- 5.4. The **LESSEE** shall also be responsible for the replacement during the lease and at his own expense to the satisfaction of the **LESSOR** with new as the old wear out or become broken, damaged or lost, of all light bulbs and globes, fluorescent or otherwise, starters, ballasts and incandescent bulbs, where applicable, whether used in relation to the property internally or externally.
- 5.5. to treat all internal woodwork with the appropriate varnishes required to maintain all such woodwork in good condition and to repaint the interior of the walls of the property, where this becomes necessary, with good quality paint in the same colour as at the commencement date;
- 5.6. The **LESSEE** shall not make any structural alterations to the hereby leased property without the written consent of the **LESSOR** thereto being first had and obtained.
- 5.7. The **LESSOR** and/or its duly authorized servants and/or nominees shall have the right to enter upon the hereby leased property at all reasonable times for the purpose of inspecting the same and of ensuring that the conditions of this lease are being properly carried out and/or observed by the **LESSEE**.

6. DUTIES OF THE LESSEE

- 6.1. The **LESSEE** shall not have the right to cede or assign any of his interest in and to this lease, nor to sub-let the whole or any portion thereof without the written consent of the **LESSOR**. In particular, the **LESSEE** undertakes and agrees not to use the said property, or any portion thereof, as a boarding or lodging house or as a place of business of whatsoever kind; the intent and purpose being that the said property shall be used solely as Khulanathi Day Care Centre.

9.1.4. Any failure, suspension or interruption of any water, electricity or other supplies to the property or any loss thereby suffered by the **LESSEE**, whether consequential or otherwise.

10. PROPERTY REMAINS PROPERTY OF LESSOR

10.1. The grant of the lease hereby constituted, shall under no circumstances be deemed to confer any real right or servitude of any kind in favour of the **LESSEE**. Upon a demand made by the **LESSOR**, in terms of this lease, for quiet possession of the property, the **LESSEE** shall be bound to give such possession without any right to compensation, whether for useful, necessary expenses or other improvements.

THUS DONE and agreed to at Grahamstown this 27 day
of July 2015.

AS WITNESSES:

1. [Signature]
2. [Signature]

[Signature]
(LESSEE)
ID NO. 490401 0689 080

THUS DONE and agreed to at Grahamstown this 31 day
of August 2015.

AS WITNESSES:

1. [Signature]
2. [Signature]

[Signature]
(LESSOR)
MAKANA MUNICIPALITY



Province of the
EASTERN CAPE
HEALTH

Office of Superintendent General • 5th Floor Dukumbana Building • Independence Avenue • Bhisho • Eastern Cape
Private Bag X0038 • Bhisho • 5605 • REPUBLIC OF SOUTH AFRICA
Tel.: +27 (0)40 608 1111 • Fax: +27 (0)40 608 1112 • Website: www.ecdoh.gov.za

Reference No. 1/5/6

Certificate No: 8/2018

This is to certify that Khulanathi Psychosocial Rehabilitation Centre

Situated at
ERF 4905
VICTORIA ROAD
GRAHAMSTOWN
6140

In terms of Regulation R1467 of December 2004 of the Mental Health Care Act No 17 of 2002 is Registered as:

Khulanathi Psychosocial Rehabilitation Centre

For a period from 01 January 2018 to 31 December 2018

Name of proprietor or managing body: Khulanathi Psychosocial Rehabilitation Centre

Address of proprietor or managing body: ERF 4905
VICTORIA ROAD
GRAHAMSTOWN
6140

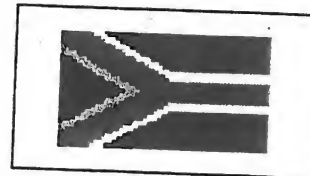
Type of Patients	Maximum Number
Drug / Alcohol Abuse	15 Day Care

Maximum number of patients permitted to be accommodated simultaneously: 15

Signed at Bhisho the 21 day of December 2017

D. T. D. Mbengane
SUPERINTENDENT GENERAL

This certificate is not transferable and must be renewed annually



CERTIFICATE OF REGISTRATION OF NONPROFIT ORGANIZATION

In terms of the Nonprofit Organisation Act, 1997, I am satisfied that

Khulanathi Psychosocial Rehabilitation Centre

(name of the organisation)

meets the requirements for registration.

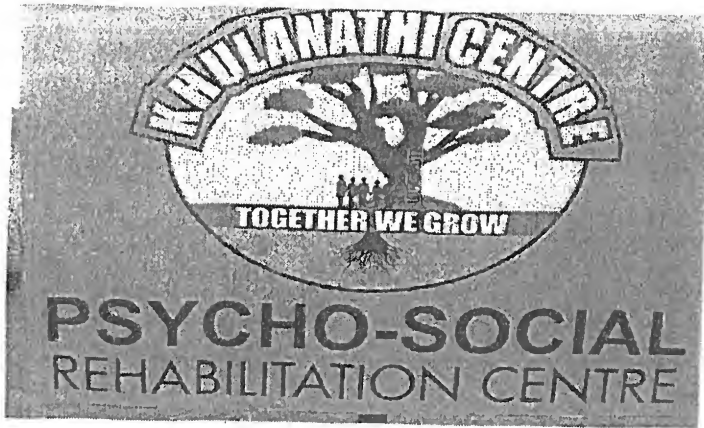
The organisation's name was entered into the register on **28 July 2014**
(date)

Registration number **139-896 NPO**

Director's signature



E



Khulanathi Psychosocial Rehabilitation Centre
ERF 4905 Victoria Road
Grahamstown
6139
23 October 2017

The Acting Municipal Manager
C/O Legal Manager's Office
Makana Municipality
Grahamstown
6139

Dear Sir/ Madam.

NAME CHANGE AS PER LEASE AGREEMENT DATED 31 AUGUST 2015 BETWEEN THE LESSEE AND LESSOR

We hereby request change of name in the said lease agreement from Khulanathi Day Care Centre to Khulanathi Psychosocial Rehabilitation Centre.

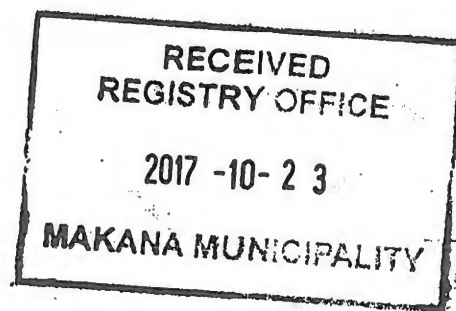
Kindly note that the purpose for this request is that the facility renders a rehabilitation programme.

The programme involves rehabilitation of out-patients and not a Day Care Centre. The patients are on treatment and are taken care of by qualified nurses, psychiatrist and an occupational therapist.

Furthermore, the said patients do not pose any danger to the facility as well as to the community at large.

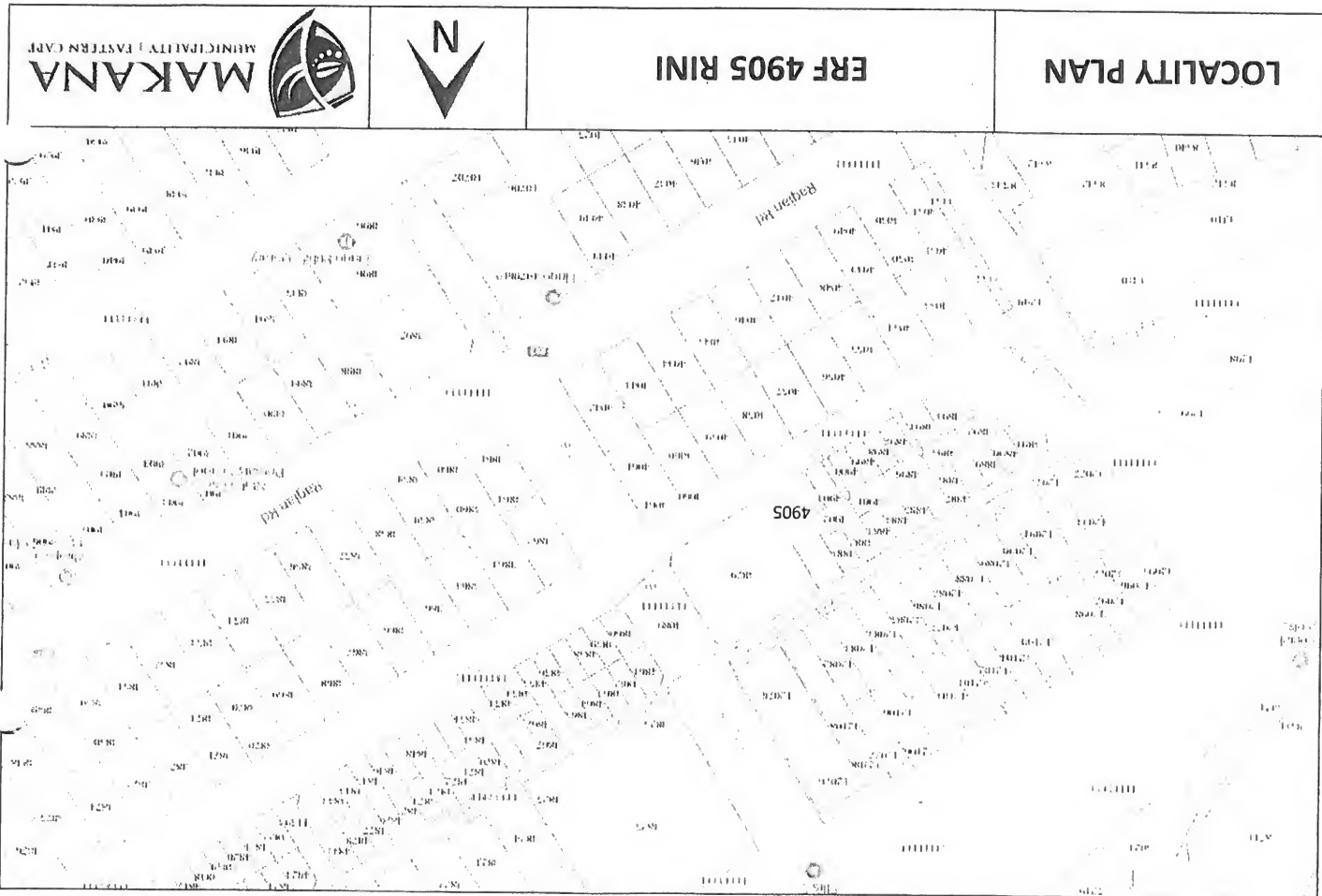
Sincerely yours

Mrs. L.P. Mkumatela
Director
Cell: 076 223 1145
Email: lmkumatela66@gmail.com



captured 9/11/2017

F



Nomandla Mbanjwa

From: Gemma Louise Pogodin
Sent: 19 March 2018 02:07 PM
To: Nomandla Mbanjwa
Cc: Riana Meiring
Subject: Lease at Erf 4905 Rini
Attachments: 4905 rini zoning.JPG; 4905 rini Aerial.JPG

Dear Nomandla,

Please find attached an aerial photograph and a zoning map showing the property at Erf 4905 Rini. As you can see the property is shaded yellow on the zoning map, indicating that it is zoned "Single Residential Zone I". In order to allow the proposed "Institutional" use it must be rezoned to "Community Zone III" in terms of the Makana Integrated Land Use Scheme (2016). This can be done in-house, however it will be necessary to budget for the prescribed advertising (Grocotts' and registered mail expenses).

In terms of the lease, it is still possible that the agreement be continued with, since the Integrated Land Use Scheme operates as an independent document in terms of the Spatial Planning and Land Use Management By-Law (2016). However, we should work to rectify the illegal use as soon as possible. I am available to meet with you in order to startegise the way forward.

Kind Regards

Gemma

Gemma Meaton | Town Planner
email: gpogodin@makana.gov.za
tel: 046 637 0424
cell: 084 480 5808
http: www.makana.gov.za



Did you know : Surveyor General Diagrams (including 'GP's) are available to the public free of charge at <http://csg.dla.gov.za/esio/searchindex.htm>

